chfa schools to home^{sm}

Understanding Your Financial Commitment

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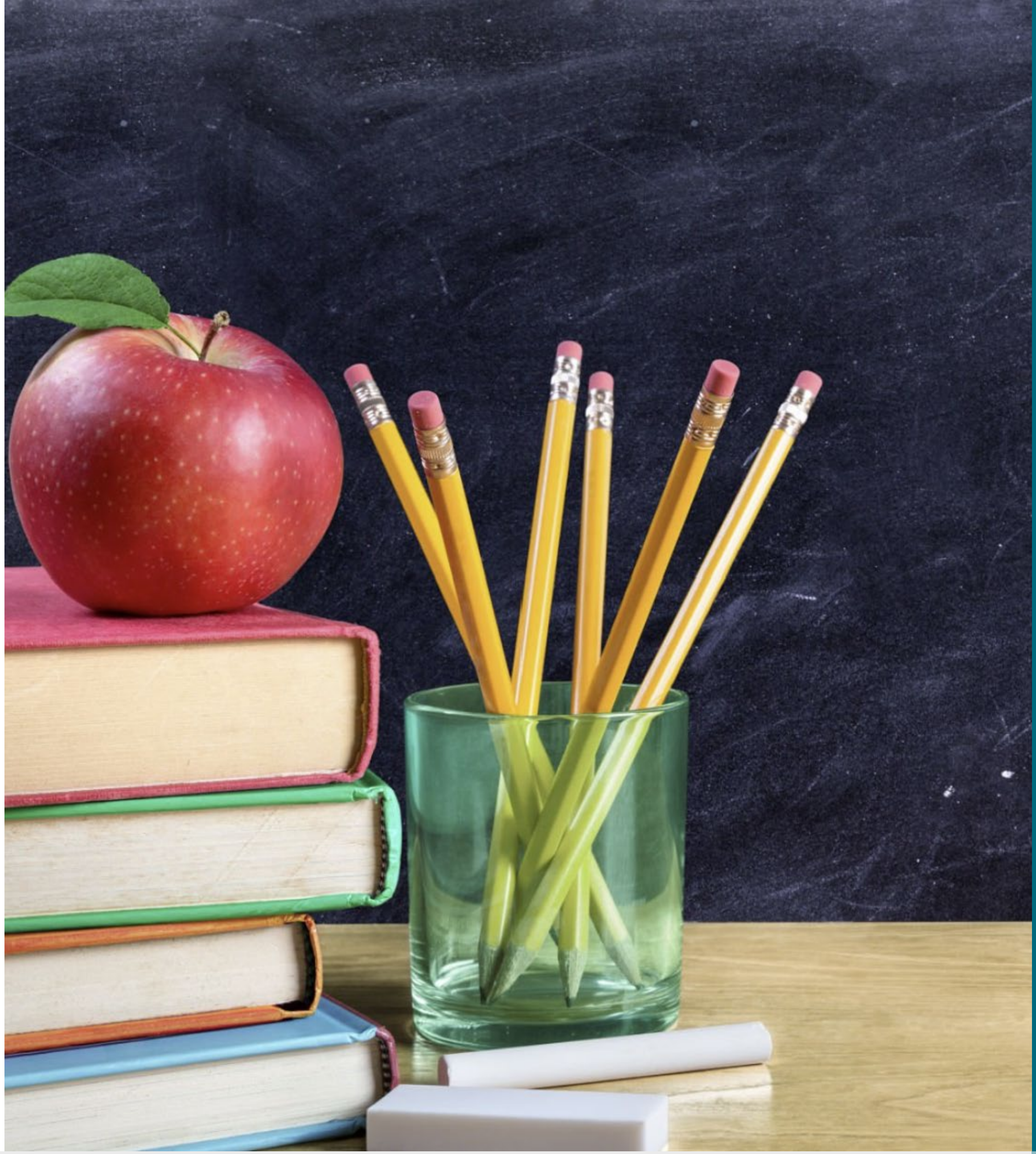
agenda

- Program overview
- How the down payment assistance works
- What "shared appreciation" means
- When repayment is required
- How to plan as a homeowner
- Certificate of completion



about chfa

financing the places where people live and work®

CHFA was established in 1973 by the Colorado General Assembly.

mission

We strengthen Colorado by investing in affordable housing and community development.

vision

Everyone in Colorado will have the opportunity for housing stability and economic prosperity.

value

We are driven by our mission and focused on our customers. Through trusted partnerships and intentional engagement, we design and deliver products and services that support the long-term success of our beneficiaries.

trusted partner:
responsible, affordable homeownership

- Home mortgage loan programs
- Assistance to help with down payment and/or closing costs
  - Grants
  - Second mortgage loans
- Homebuyer education

financial innovation + social goals

The Colorado General Assembly authorized CHFA to develop and manage a shared appreciation down payment assistance program, funded by an investment from the **Public School Permanent Fund (PSPF)**.

Help **public school employees** access homeownership

Enable employees to live in the community they serve

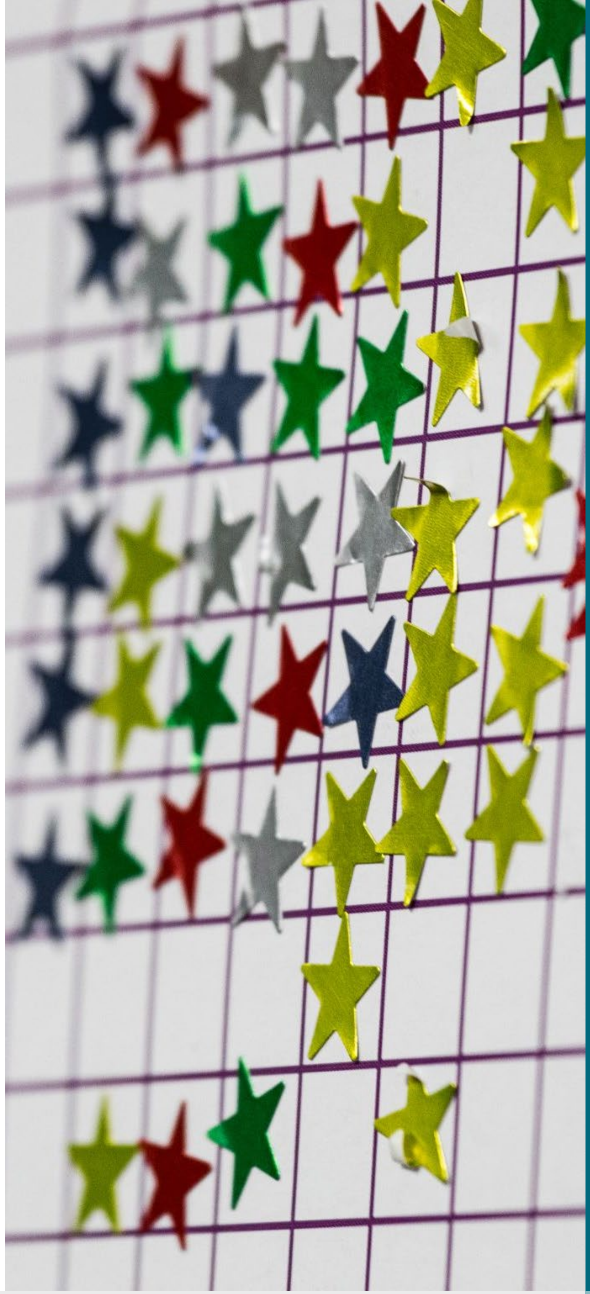
Promote long-term affordability and stability

Help recruit and retain employees

who are “public school employees?”

At least one Borrower must be a full-time employee* of a Colorado pre-K through 12:

- School district
- Charter school
- Institute charter school
- Board of cooperative educational services
- Innovation zone



* Must be designated as full-time by employer

additional borrower requirements

- Minimum mid-credit score of 620
- Income at/below CHFA's statewide income limit
- In addition to this course, complete a CHFA-approved homebuyer education class
- Contribute at least $1,000 toward home purchase*
- Qualify according to the underwriting guidelines as determined by a CHFA Participating Lender

*Contribution is in addition to any remaining closing costs or down payment requirements. The contribution can be counted as part of the down payment or toward closing costs required for the loan.

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- Fixed interest rate first mortgage loan
- Down payment assistance (DPA): CHFA DPA Second Mortgage Loan
  - Up to 25% of the first mortgage loan amount
- Shared appreciation component: borrower shares appreciation gained with PSPF at the time of repayment

chfa dpa second mortgage loan

- Up to 25% of first mortgage loan (do not have to use full amount)
- May be used toward:
  - down payment,
  - closing costs,
  - prepaids, and/or
  - principal reductions
- No monthly payments required; no prepayment penalty if paid off early
- Full repayment upon:
  - payoff of first mortgage loan,
  - sale/refinance of home, or
  - if home is no longer borrower's primary residence

what does shared appreciation mean?

The increase in the home's value is shared between the homeowner and PSPF to provide continuous program availability for future homebuyers.

To calculate shared appreciation, CHFA will:

1. Determine the appreciation amount.

   Subtract original purchase price from the contract sales price at time of sale*

2. Determine the percentage of appreciation.

   Divide the original CHFA DPA Second Mortgage Loan amount by the original purchase price

3. Determine the shared appreciation owed.

   Multiply the (1) appreciation amount by the (2) calculated percentage of appreciation

*In the event of a refinance, payoff of the CHFA First or DPA Second Mortgage Loan, or other maturity event, the appraised value or fair market value is used.

calculating shared appreciation

Purchase Price	CHFA First and DPA Second Mortgage Loan Amounts	Percentage of Appreciation*	Appreciation	Shared Appreciation Owed
$437,500	CHFA First Mortgage Loan = **$350,000** CHFA DPA Second Mortgage Loan = **$87,500**	($87,500 ÷ $437,500) x 100 = **20%**	$480,000 - $437,500 = **$42,500**	$42,500 x 20% = **$8,500**

For illustrative purposes only. Appreciation is not guaranteed and any negative appreciation will be considered 0% appreciation.
*Percentage of appreciation is calculated by dividing the original CHFA DPA Second Mortgage Loan amount by the original purchase price.

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borrower repayment

CHFA DPA Second Mortgage Loan

+

Shared Appreciation

borrower payment example

Borrower Purchases Home	Borrower Pays Off Loan and/or DPA, Sells, or Refinances Home	Total Funds Owed		Remaining Borrower Equity
Purchase Price = **$437,500**	Current Home Value = **$480,000**	25% DPA = **$87,500**	**$96,000**	($480,000 – $350,000) - $96,000 = **$34,000**
Loan Amount = **$350,000**		+		
25% DPA = **$87,500** ($350,000 x 25%)	Appreciation $480,000 - $437,500 = **$42,500**	Shared Appreciation* = **$8,500** $42,500 x ($87,500/$437,500)		

For illustrative purposes only. Appreciation is not guaranteed and any negative appreciation will be considered 0% appreciation.

* Percentage of appreciation is calculated by dividing the original CHFA DPA Second Mortgage Loan amount by the original purchase price.

remaining borrower equity

- Remaining equity reflects the home value after paying off the CHFA first and DPA Second Mortgage loans and shared appreciation
- Selling or refinancing may still require other costs to be paid such as:
  - Selling costs (i.e.,Realtor® compensation or seller-paid closing costs)
  - Refinancing costs (i.e., loan fees, appraisal, title, and recording fees)

Selling and refinancing costs are part of homeownership and apply whether or not you used a CHFA program.

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additional borrower payment examples

Purchase Price	Loan Amount Price	Percent of DPA	Amount of DPA	Home Value at Time of Payoff, Sale, or Refinance	Amount of Appreciation	DPA Owed	Shared Appreciation Owed	Total Owed	Remaining Borrower Equity
$437,500	$350,000	25%	$87,500	$480,000	$42,500 ($480,000 - $437,500)	$87,500	$8,500 (20%* x $42,500)	**$96,000**	**$34,000**
$437,500	$350,000	15%	$52,500	$500,000	$62,500 ($500,000 - $437,500)	$52,500	$7,500 (12%* x $62,500)	**$60,000**	**$90,000**
$437,500	$350,000	20%	$70,000	$437,500	$0 ($437,500 - $437,500)	$70,000	$0 (16%* x $0)	**$70,000**	**$17,500**
$437,500	$350,000	25%	$87,500	$425,000	-$12,500 ($425,000 - $437,500)	$87,500	$0 (20%* x $0)	**$87,500**	**$-12,500**

For illustrative purposes only. Appreciation is not guaranteed and any negative appreciation will be considered 0% appreciation.

* Percentage of appreciation is calculated by dividing the original CHFA DPA Second Mortgage Loan amount by the original purchase price.

payoff process

Borrower is ready to pay off the loan and/or DPA, sells/refinances the home, or the home is no longer the primary residence.

Borrower contacts CHFA for payoff guidance.

CHFA calculates borrower repayment upon receipt of borrower documentation including shared appreciation and CHFA DPA Second Mortgage Loan.

Borrower sends borrower repayment to CHFA.

CHFA sends total repayment to PSPF for reinvestment.

your responsibilities as a borrower

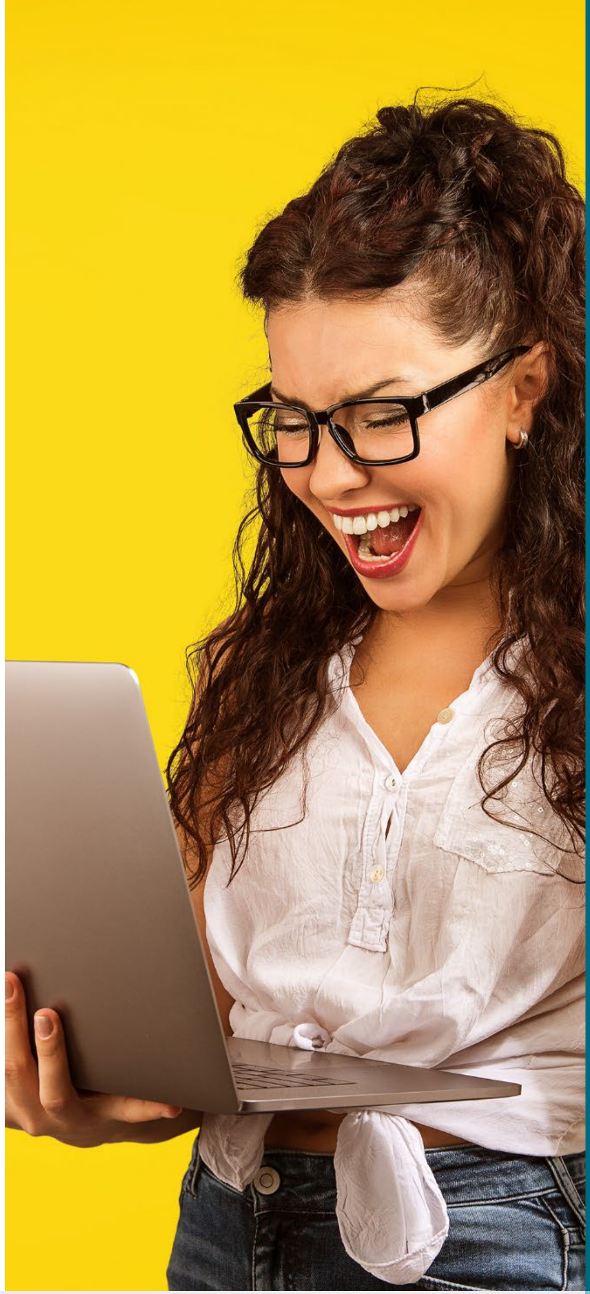
- Live in the home as your primary residence
- Make monthly payments on your CHFA First Mortgage Loan
- Plan ahead for the repayment
- Contact CHFA when you:
  - are ready to pay off the CHFA First or Second DPA Mortgage Loans,
  - sell,
  - refinance, or
  - if the home is no longer your primary residence.

make an informed decision

Ask yourself:

- Does this program help me buy a home?
- Do I understand the obligations of having a CHFA DPA Second Mortgage Loan?
- Am I comfortable sharing the home's appreciation later?
- Does this align with my long-term plans?

Informed choices lead to successful homeownership.



if you answered "yes"

1. Take a CHFA-approved homebuyer education course.
2. Work with a CHFA Participating Lender.

www.chfainfo.com/homeownership

Mi Hogar	Steps To Homeownership	How To Get A CHFA Program Loan
Homebuyer Education	Down Payment Assistance	Your Road Home eNews
Homebuyer Helper Articles	Mortgage Calculators	Budget with a spending plan
Understanding credit	Participating Lender interview questions	Real Estate Professional interview questions

help for homebuyers

Visit chfainfo.com/h4h for our helpful resources.

Exit course

chfa home finance

888.320.3688

homeownership@chfainfo.com

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colorado housing and finance authority

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