



Good Neighbors

San Diego
Housing Commission

REPORT

DATE ISSUED: April 22, 2005

ITEM 105

REPORT NO.: HCR05-34
For the Agenda of May 6, 2005

SUBJECT: Proposed Revisions to the First Time Homebuyer Programs
(Citywide)

SUMMARY

Issue: Should the Housing Commission review and modify its First Time Homebuyer (FTHB) Programs?

Recommendation 1: That the Housing Commission recommend Housing Authority approval to modify the Down Payment/Closing Cost Assistance Grant (DP/CCAG) Program into a two-tiered program: a) for households in the 100 percent Area Median Income (AMI) Category: the lesser of \$10,000 or four percent of the purchase price; and b) for households in the 80 percent or below AMI category: the lesser of \$15,000 or six percent of the purchase price.

Recommendation 2: That the Housing Commission recommend Housing Authority approval to modify the second trust deed loans funded under the Shared Equity Loan Program and Condominium Conversion 80 % AMI Loan Program from 15-year equity sharing to 30-year shared appreciation programs based upon a share of “net appreciation”.

Recommendation 3: That the Housing Commission recommend Housing Authority approval to expand the Condominium Conversion home purchase programs to be applicable to any eligible home purchase in the City.

Environmental: The revision of this ongoing program is “not a project” within the meaning of CEQA. Further, under NEPA, any action concerning loans of money for the acquisition of existing single family residences are categorically excluded from the provisions of NEPA, see **24 CFR 58.35(a)**.

Previous Related Action(s): Refer to Attachment 1 for related actions.

Future Related Actions: If recommended, the proposed revisions will be presented to the Housing Authority for consideration at its next available meeting.

BACKGROUND

On December 10, 2004, Housing Commission staff presented HCR04-99 "Proposed Revision to the Shared Equity Loan Program" to the Board (Attachment 2). There was a lengthy discussion regarding the proposals and the effects of the proposed changes that resulted in Commissioners directing staff to examine alternatives and continue this discussion at a later date.

The San Diego Housing Commission has operated a successful FTHB Program since 1992. The FTHB Program is made up of three different components: 1) Deferred Second Trust Deed Loans; 2) Down Payment/Closing Cost Assistance Grants; and 3) Mortgage Credit Certificates. The Deferred Second Trust Deed Loan Program includes shared equity loans and condominium conversion 80 % loans. Those two loan programs along with down payment/closing cost assistance grants are the focus of this report.

Down Payment/Closing Cost Assistance Grants

In June 1992, the Housing Commission adopted a Recoverable Down Payment Assistance Grant Program for median income homebuyers (100% or less of AMI). The maximum grant was \$5,000 or two percent of the purchase price, whichever was less. In June 2001, the Housing Commission modified the terms to the lesser of \$5,000 or four percent (up from two percent) of the sales price. In November 2002, the grant was increased to the lesser of \$7,500 or four percent of the purchase price. The four percent assistance was comprised of two percent toward the down payment with the balance used for closing costs. Until this change, the grant could only be used towards the down payment. In July 2004, the grant amount was increased to \$10,000 or four percent of the sales price, whichever was less; all other terms remained unchanged.

The down payment grant is due and payable if the property is sold or refinanced within the first six years; after six years, the grant is forgiven. The Housing Commission requires the buyer to have a minimum down payment of three percent of their own funds towards the purchase price.

Shared Equity Loan Program

In April 1992, the Housing Commission approved the creation of a silent second trust deed loan program, which evolved into the Shared Equity Loan Program. In February 1993, the Housing Commission approved the current equal equity share formula: 50 percent homebuyer/50 percent Housing Commission share, with a reduction in the Housing Commission's share of one percent per year for 15 years, after which time 100 percent of equity belongs to the homeowner and the Housing Commission is paid only the principal

balance of its loan. In 1993, the maximum loan was \$25,000. In July 2001, the loan limit was increased from \$25,000 to \$40,000 or 25 percent (up from 20 percent) of the purchase price, whichever was less. In September 2002, the Housing Commission approved a third modification to increase the loan limit to 25 percent of the lesser of appraised value or the HUD maximum purchase price (currently \$375,250 for attached units and \$454,100 for single family dwellings).

Condominium Conversion Programs

In May 2004, the Housing Commission approved a plan to provide financial assistance to low and moderate income tenants affected by condominium conversion. Two second trust deed loan programs were developed. One program was established for buyers earning 80 percent or less of AMI, funded with HOME money and mirrors the existing Shared Equity Loan Program. The second program is for buyers earning between 81 and 100 percent of AMI. This program provides a maximum loan amount of \$15,000, the loan term is 30 years with no interest or monthly payments due and the program is funded by Inclusionary Housing in-lieu fees. If the buyer sells the unit within the first 15 years, the Housing Commission will receive a share of appreciation equal to its pro rata share of the original purchase.

DISCUSSION

Down Payment/Closing Cost Assistance Grants (DP/CCAG)

The DP/CCAG Program is currently funded by two revenue sources. Homebuyers with incomes up to 100 percent of AMI (\$63,400 for a family of four) are eligible to use the Housing Trust funds. Because of the limited availability of Housing Trust funds, this resource will only be used to fund DP/CCAGs for buyers earning 81-100 percent AMI.

DP/CCAGs for homebuyers with incomes of 80 percent or less of AMI (\$55,200 for a family of four) will be funded using \$908,106 from the American Dream Downpayment Initiative (ADDI), a new HUD-funded program for first time homebuyers. HUD encourages housing agencies to use the funds to supplement existing first time homebuyer programs. The maximum ADDI grant per homebuyer is six percent of the purchase price.

Staff is proposing revisions to the existing program that will allow DP/CCAGs to be used by the prospective buyers in a way that would best suit their needs. Many first trust deed loan programs allow buyers to have a minimum down payment of three percent; therefore, they do not need an additional two percent from the Housing Commission for a total down

payment of five percent. The greater need in those instances is for funds to help pay closing costs.

Recommendation 1: Staff recommends a two-tiered DP/CCAG Program with the following terms: a) for households earning up to 100 percent AMI: the lesser of \$10,000 or four percent of the purchase price; and b) for households earning up to 80 percent or below AMI: the lesser of \$15,000 or six percent of the purchase price. The repayment terms and conditions would remain in full force and effect.

Shared Equity Loan Program and Condominium Conversion 80% AMI Loan Program

The Housing Commission administers several second trust deed loan programs including CalHome First Time Homebuyer Mortgage Assistance, Shared Equity loans, Condominium Conversion 80% AMI loans, Condominium Conversion 100% AMI loans and Centre City Development Corporation's Downtown First Time Homebuyer Program. Presently, three of the loan programs and the Density Bonus Program have shared appreciation requirements whereby the Housing Commission receives a share of the appreciation equal to the share represented by the Agency's investment in the original purchase. As an example, if the Housing Commission's loan amount equals 25 percent of the original purchase price, the share of net appreciation as determined under applicable law is 25 percent.

At this time, the average Shared Equity Loan amount is over \$80,000.

Recommendation 2: To achieve consistency within the programs and to reflect the significant increase in the Housing Commission's loan amount, it is recommended that the 80 percent AMI shared equity loan programs be modified from 15-year equity sharing to 30-year shared appreciation loans. These loans would share net appreciation in the property as defined in Civil Code Section 1917.006 and as referenced above.

[Note: Staff is not recommending any change to the 15-year term of the 100 percent AMI condominium conversion program because this program has a \$15,000 maximum and the 15-year term is adequate.]

Condominium Conversion Programs

The programs for condominium conversion participants were intended to help tenants who were being displaced. Funding was made available only to qualifying tenants who were purchasing their existing units. However, staff has since fielded several questions from displaced tenants who want help to purchase elsewhere.

Recommendation #3: Expand the Condominium Conversion purchase assistance to apply to any qualifying home purchase (Citywide) that eligible displaced tenants want to pursue.

ALTERNATIVES

1. Do not modify the DP/CCAG Program.
2. Retain the Shared Equity Loan Programs but: a) extend the equity sharing term from 15 years to 30 years; and b) change the equity sharing formula to start with a 50/50 split and annual reduction of the Housing Commission's share at one percent per year for ten years, followed by two percent per year for twenty years.

Respectfully submitted,

Approved by,

**Signature on File
With Original Document**

Cissy Fisher
Director of Housing Finance and Development

Elizabeth C. Morris
President and Chief Executive Officer

VMONCE 578-7492 (Proposed Revisions to FTHB Prog 2005.HC)

Attachment 1: Previous Related Actions

- 2: HCR04-99 – Proposed Revisions to the Shared Equity Loan Program
- 3: First Time Homebuyer Programs Chart
- 4: Difference Between a Shared Equity Loan and Shared Appreciation Loan
- 5: Proforma Payoff Calculations
- 6: Summary Shared Equity Stats
- 7: Shared Equity Loans Paid in Full

Distribution of these attachments may be limited. Copies available for review during business hours at the Housing Commission offices at 1625 Newton Avenue.

ATTACHMENT 1

Previous Related Actions:

- On June 15, 1992, (Report No. 92-173), Housing Commission approved the Housing Trust Fund's Recoverable Grant Program and Shared Appreciation Program.
- On July 20, 1992, (Report No. 92-196), Housing Commission approved the overall HOME Program allocation plan and allocated \$750,000 to the First Time Homebuyer's Assistance HOME Program Plan.
- On February 22, 1993 (Report No. 93-044), Housing Commission approved a revision to the Shared Equity Program.
- On June 1, 2001 (Report No. 01-052), Housing Commission approved modifications to the FTHB Programs.
- On November 15, 2002 (Report No. 02-097) Housing Commission approved revisions to the FTHB Programs.
- On May 7, 2004 (Report No. 04-40) Housing Commission approved homeownership assistance for renters affected by condominium conversions
- On August 20, 2004 (Report No. 04-55) Housing Commission staff presented a workshop on the FTHB Programs to the Board.
- On December 10, 2004 (Report No. 04-99) Housing Commission staff proposed revisions to the Shared Equity Loan Program. Board postponed acting on item requesting staff to look into alternatives and bring the item back at a later date.



Good Neighbors

San Diego
Housing Commission

REPORT

DATE ISSUED: November 23, 2004

ITEM 103

REPORT NO.: HCR04-99
For the Agenda of December 10, 2004

SUBJECT: Proposed Revision to the Shared Equity Loan Program (Citywide)

SUMMARY

Issue: Should the Housing Commission modify the Shared Equity Loan Program to account for larger cost per unit?

Recommendation: That the Housing Commission: 1) extend the equity sharing term for the Shared Equity Loan Program from 15 years to 30 years; and (2) change the equity sharing formula to start with a 50/50 split and annual reduction of the Housing Commission's share at one percent per year for ten years, followed by two percent per year for twenty years.

Fiscal Impact: This change in the Shared Equity Loan Program may result in higher return on invested funds over time; however, use of proceeds would continue to be governed by requirements of the original funding sources.

Previous Related Action(s): On June 15, 1992, (Report No. 92-173), the Housing Commission approved the Housing Trust Fund's Recoverable Grant Program and Shared Appreciation Program. On July 20, 1992, (Report No. 92-196), the Housing Commission approved the overall HOME Program allocation plan and allocated \$750,000 to the First Time Homebuyer's (FTHB) Assistance HOME Program Plan. The Housing Commission approved modifications to the FTHB Programs on February 22, 1993 (Report No. 93-044), June 1, 2001 (Report No. 01-052), and November 15, 2002 (Report No. 02-097)

BACKGROUND

In June 1992, the Housing Commission approved the creation of a shared equity loan program; since then, there have been three modifications to the program. In February 1993, the Housing Commission approved the current equal equity share formula. The current formula is 50 percent homebuyer/50 percent Housing Commission share with a reduction in the Housing Commission's share of one percent per year for 15 years, after which time 100 percent of equity belongs to the homeowner and the Housing Commission is paid only the principle balance of its loan. In 1993, the maximum loan was \$25,000. In July 2001, the loan limit was increased from \$25,000 to \$40,000 or 25 percent (up from 20 percent) of the purchase price, whichever is less. In September 2002, the Housing Commission approved a third modification to increase the loan limit to 25 percent of the lesser of appraised value or the HUD maximum purchase price (currently \$375,250).

DISCUSSION

Sound business practices dictate that programs should be reviewed and, if needed, refined periodically to ensure continued effectiveness. Homebuyer programs were discussed with the Board at a workshop on August 20, 2004. Subsequently, staff reviewed all elements of the Housing Commission's FTHB program and also evaluated programs offered by other jurisdictions to develop the two changes recommended in this Report.

Since the first shared equity loan was funded in September 1993, more than 1,000 homebuyers have utilized this second trust deed loan program to assist them in buying their first homes. In recent years, the Housing Commission's financial investment in a single purchase has increased significantly from a potential maximum of \$25,000 to \$93,812; current average is approximately \$80,000.

Under current program guidelines, the Housing Commission requires repayment of the principal plus a 50 percent share of net equity during the first year of ownership, with the homeowner's share increasing by one percent annually to year 15, after which time the Housing Commission relinquishes claim to its remaining share (35 percent). When the homeowner sells after year 15, the homeowner pays back only the loan principle to the Housing Commission. While overall the Shared Equity Loan Program remains effective, staff believes that the increase in per-family cost warrants extension of the period over which the Housing Commission will share in any equity gain. In addition, an extension to 30 years will bring the program in line with a revision to the City's Inclusionary Housing Ordinance recently endorsed by the Board.

Staff also recommends that the formula for the Housing Commission's share of equity be changed to reduce at one percent per year for the first ten years and then to accelerate to two percent per year (Attachment 1). This formula will encourage owners to remain in place to promote neighborhood stabilization and allow the Housing Commission to participate in equity appreciation for a longer period of time to acknowledge the greater risk inherent in the increased cost per home purchase.

ALTERNATIVES

1. Change Shared Equity Program: Change recommended term (30 years) or formula (50/50 split with one percent reduction for ten years and two percent per year for twenty years) in a different way.
2. Use Shared Appreciation Program: The Housing Commission's earnings from a Shared Equity program loan diminish over time as a percent of the equity (by year 30, the Housing Commission's equity share drops to zero and homeowner only repays principal). However, Shared Equity does accomplish the major program goal of rewarding long-term participation in the program and neighborhood stability. Redevelopment and Density Bonus programs use a shared appreciation approach whereby, in addition to the repayment of the principal balance, the borrower would pay the Housing Commission an amount equal to the Commission's share of the appreciation in value of the property regardless of how long the borrower stayed at the property. Appreciation is defined as the difference between the original purchase price and the new sales price. The Housing Commission's share of appreciation would equal the Commission's original loan amount divided by the original purchase price. For example, if the original purchase price were \$350,000 with a Housing Commission loan of \$87,500, the Commission's share of appreciation would be 25 percent ($\$87,500/\$350,000 = 25\%$). The benefit of this approach is based only on appreciation rates; other programs goals are not addressed. Should the Board so desire, staff could bring forward a more detailed Report on this program model for discussion.

Respectfully submitted,

Approved by,

**Signature on File
With Original Document**

Cissy Fisher
Director Housing Finance and Development

Elizabeth C. Morris
President & Chief Executive Officer

Attachment 1

SHARED EQUITY CHARTS

Current Chart

Length of Ownership at the Time of Resale	Share of Equity to Homebuyer	Share of Equity to Housing Commission
1	50	50
2	51	49
3	52	48
4	53	47
5	54	46
6	55	45
7	56	44
8	57	43
9	58	42
10	59	41
11	60	40
12	61	39
13	62	38
14	63	37
15	64	36
16	100	0

ATTACHMENT 3

FIRST-TIME HOMEBUYER PROGRAMS

Programs	Area Median Income	Maximum Purchase Price	Loan/Grant Amount	Terms And Conditions	Asset Limitations	Funds Available As of 3/3/05	Administrative Fees
Second Trust Deed Loans							
Shared Equity	80%	\$454,100/single family dwellings and \$375,250/attached units. Regulated by HUD	25% of purchase price or appraised value; whichever is less.	Shared Equity provision for the first 15 years. The loan term is a 30 year loan at 0% interest with no monthly payments	\$10,000 for first household member and \$500 for each additional household member.	HOME Funds \$1,686,126	10%
CalHome Mortgage Assistance	80%	No maximum purchase price. Price paid must be substantiated by a qualified appraiser.	25% of purchase price or appraised value; whichever is less.	Shared Appreciation provision for the full 30 year loan term, no interest and no monthly payments are due.	\$10,000 for first household person and \$500 for each additional household member.	State Funds \$1,968,000	1% of loan amount, plus processing fees.
CCDC Downtown First-Time Homebuyer Program	120%	Maximum purchase price is determined by calculating 35% housing ratio at 110% Area Median Income for a family size appropriate for the unit. Adjusted for family size means bedroom size plus one, ie. two-bedroom appropriate for three person family	\$75,000	The loan term is 30 years. No interest and no monthly payments the first five years. Then level monthly payments begin in year six. There is a 45 year shared appreciation restriction.	Not to exceed \$75,000	CCDC Redevelopment Funds \$770,000	\$4,500 per loan
Condominium Conversions	100%	No maximum purchase price. Price paid must be substantiated by qualified appraiser.	\$15,000	Shared Appreciation for the first 15 years. The loan term is a 30 year loan, no interest and no monthly payments.	None required	FY05 budget estimates \$890,000 will be available during the year from payment of in-lieu fees.	10%
Condominium Conversions	80%	\$375,250 Regulated by HUD	25% of purchase price or appraised value; whichever is less.	Shared Equity provision for the first 15 years. The loan term is a 30 year loan, no interest and no monthly payments.	\$10,000 for first household member and \$500 for each additional household member.	HOME Funds \$1,000,000 (Employer Assisted Program funds)	10%

Programs	Area Median Income	Maximum Purchase Price	Loan/Grant Amount	Terms And Conditions	Asset Limitations	Funds Available As of 10/13/04	Administrative Fees
Down Payment Loans and Grants							
Down Payment Assistant Grant	100%	\$454,100 Consistent with HUD maximum.	\$10,000 or 4% of purchase price; whichever is less. The 4% will be comprised of 2% for the down payment with balance used for closing costs.	This is a recoverable grant. If property is sold or refinanced within the first six years, the grant is due and payable. After six years, the grant is forgiven.	\$10,000 for first household member and \$500 for each additional household member.	Housing Trust Fund \$118,097	10%
Mortgage Credit Certificate (MCC)		STATE REGULATED PROGRAM – CONDITIONS ARE ESTABLISHED BY IRS					
Nontargeted	115%	Resale \$438,469 New \$443,280	15% Tax Credit		None	24 Certificates	\$400 annual lender participation fee and \$250 per MCC issued
Targeted	140%	Resale \$535,907 New \$541,786	20% Tax Credit		None	13 Certificates	\$400 annual lender participation fee and \$250 per MCC issued
Low Income	80%	Resale \$535,907 New \$541,786	20% Tax Credit		None	36 Certificates	\$400 annual lender participation fee and \$250 per MCC issued

ATTACHMENT 4

WHAT IS THE DIFFERENCE BETWEEN A SHARED EQUITY LOAN AND SHARED APPRECIATION LOAN?

Shared Equity Loan Program

The Housing Commission (HC) has operated a Shared Equity (SE) Loan Program since 1992. The shared equity loan has a 30-year term with no interest or monthly payments due. The equity sharing provision is as follows:

If the borrower sells the property or pays off the SE loan within the first 15 years, the equity in the property is shared with the HC. If the property is sold in the first year, the equity is split 50/50. The equity is defined as the difference between the sales price and the sum of the following deductions:

- Orig. amount of 1st TD
- Orig. amount of HC loan
- All cost of sale; escrow, title, brokers fee
- Current year taxes
- Borrower's down payment
- Cost of improvements approved by the HC

The amount of the borrower's share in the equity increases 1% per year.

Shared Appreciation Loan

The loan term is 30 years with not interest or monthly payments due. The loan has a net shared appreciation provision for the life of the loan. HC's net share of appreciation equals the HC's original loan amount divided by the original purchase price. For example, if the HC's loan is \$80,000 and the original purchase price was \$320,000, the share of appreciation is 25% ($80,000 / 320,000 = 25\%$). The calculation of the amount due the HC for its net share of appreciation would be the same as for a SE loan, using the same deductions. However the percentage of the appreciation would always be based on the HC's investment in the original purchase for the entire 30 year term.

ATTACHMENT 5

PROFORMA PAYOFF CALCULATIONS for a SHARED EQUITY LOAN and SHARED APPRECIATION LOAN (12 Years from Original Purchase)

Assumption:

In March 2004 a family of four earning 80% of AMI (\$54,800 annually/\$4,567 monthly) purchases a home.

Purchase Price	\$320,000	
5% Down Payment	16,000	
1 st Trust Deed Loan (70% of value)	224,000	
HC 2 nd Trust Deed Loan (25% of value)	80,000	
Loan Payments for Single Family Dwelling:		
1 st Trust Deed Loan	\$ 1,343	
Property Taxes	333	
Fire Insurance	<u>65</u>	
Total	\$ 1,741	Housing Debt Ratio 38%
Loan Payments for Condominium		
1 st Trust Deed Loan	\$ 1,343	
Property Taxes	333	
HOA	<u>225</u>	
Total	\$ 1,901	Housing Debt Ratio 42%

In March 2016, the property is sold for \$673,528 (assuming a 7% annual appreciation).

I. Shared Equity Loan

Pursuant to the shared equity provisions, in year 12 the Housing Commission will receive 39% of the net equity or \$133,820.

II. Shared Appreciation Loan

Housing Commission's original investment in the property was 25% of the purchase price (\$320,000 / \$80,000 = 25%).

Housing Commission's share is 25% of the net appreciation or \$85,782.

Please refer to the attachments for details regarding both calculations.

**SAN DIEGO HOUSING COMMISSION EXAMPLE OF SHARED EQUITY
COMPUTATION OF EQUITY SHARING AT TIME OF SALE**

1. Homebuyers Equity Calculation

A. + Principal Paid Down	\$	-	
B. + Costs of Sale	\$	6,400	
C. + Current year taxes	\$	4,000	3/1/04-2005
D. +Improvement Costs	\$	-	3/1/05-2006
E. Add lines 1(a) thru 1(d)	\$	10,400	TOTAL 3/1/06-2007

2. Sale Proceeds

A. New Sales Price	\$	673,528	3/1/10-2011
B. - 1st TD Principal	\$	224,000	3/1/11-2012
C. - SDHC Principal	\$	80,000	3/1/12-2013
D. - Downpayment	\$	16,000	3/1/13-2014
E. add lines 2(b),2(c) & 2(d)	\$	320,000	3/1/14-2015
F. Subtract line 2(a) from 2(e)	\$	353,528	BALANCE 3/1/15-2016

3. Equity Calculation

A. Balance from 2(f)	\$	353,528	
B. Total from 1(e)	\$	10,400	
C. Subtract 3(b) from 3(a)	\$	343,128.00	TOTAL EQUITY

4. Distribution of Equity

A. Equity from 3(c)	\$	343,128.00	
B. % Equity due SDHC (see Equity Chart)		39%	
C. Multiply 4(a) X 4(b)	\$	133,819.92	
D. Enter amount from 4(c)	\$	133,819.92	EQUITY DUE SDHC

1. B costs paid by the borrower based on 2% of original purchase price

Equity Chart					
Existing Home Yr of Sale	%Equity SDHC	% Equity home-owner	New Constr Yr of sale	% Equity SDHC	%Equity home owner
1	50	50	1	50	50
2	49	51	2	49	51
3	48	52	3	48	52
4	47	53	4	47	53
5	46	54	5	46	54
6	45	55	6	45	55
7	44	56	7	44	56
8	43	57	8	43	57
9	42	58	9	42	58
10	41	59	10	41	59
11	40	60	11	40	60
12	39	61	12	39	61
13	38	62	13	38	62
14	37	63	14	37	63
15	36	64	15	36	64
16	0	100	16	35	65
17	0	100	17	34	66
18	0	100	18	33	67
19	0	100	19	32	68
20	0	100	20	31	69
21	0	100	21	0	100

**SAN DIEGO HOUSING COMMISSION EXAMPLE OF SHARED APPRECIATION
COMPUTATION OF SHARED APPRECIATION AT TIME OF SALE**

1. Homebuyers Appreciation Calculation

A. + Principal Paid Down	\$	-	
B. + Costs of Sale at Origination	\$	6,400	
C. + Current year taxes	\$	4,000	
D. +Improvement Costs	\$	-	
E. Add lines 1(a) thru 1(d)	\$	10,400	TOTAL

2. Sale Proceeds

A. New Sales Price	\$	673,528	
B. - 1st TD Principal	\$	224,000	
C. - SDHC Principal	\$	80,000	
D. - Downpayment	\$	16,000	
E. add lines 2(b),2(c) & 2(d)	\$	320,000	
F. Subtract line 2(a) from 2(e)	\$	353,528	BALANCE 3/1/15-2016

3. Shared Appreciation Calculation

A. Balance from 2(f)	\$	353,528	
B. Total from 1(e)	\$	10,400	
C. Subtract 3(b) from 3(a)	\$	343,128.00	TOTAL EQUITY

4. Distribution of Equity

A. Appreciation from 3©	\$	343,128.00	
B. % Appreciation due SDHC		25%	
C. Multiply 4(a) X 4(b)	\$	85,782.00	
D. Enter amount from 4(c)	\$	85,782.00	APPRECIATION DUE SDHC

1. B costs paid by the borrower based on 2% of original purchase price

SUMMARY
Shared Equity Stats by Funding Date (Calendar Year)
(April 1993 thru March 11, 2005)

Calendar Year	No. of Loans Funded	No. of Loans Paid Off	Average No. of Years Before Loan Paid in Full
1993	52	11	7
1994	57	13	7
1995	35	6	6
1996	70	20	5
1997	168	28	5
1998	168	19	5
1999	169	17	4
2000	87	15	3
2001	90	14	2
2002	22	1	2
2003	36	0	0
2004	6	0	0
2005	0	0	0
Totals	960	144	

NOTE: Above does not include 58 HomeWorks loans of which 7 have paid off.
Average number of years before the 7 loans were paid in full: 5 years

SHARED EQUITY LOANS PAID IN FULL

As of March 28, 2005

	Number Loans	Total Paid	Principal Balance	Equity Split	DPAG (HTF)
FY97	1	\$ 12,562	\$ 12,562	\$ -	\$ -
FY98	2	\$ 42,460	\$ 38,600	\$ -	\$ 3,860
FY99	4	\$ 103,429	\$ 87,080	\$ 12,411	\$ 3,938
FY00	14	\$ 383,086	\$ 269,930	\$ 99,430	\$ 13,726
FY01	18	\$ 677,763	\$ 377,420	\$ 279,623	\$ 20,720
FY02	17	\$ 824,385	\$ 343,100	\$ 456,147	\$ 25,138
FY03	29	\$ 1,910,039	\$ 626,020	\$ 1,237,114	\$ 46,905
FY04	42	\$ 3,959,539	\$ 913,360	\$ 2,952,814	\$ 93,365
FYO 5/ 1ST QUARTER					
HTF	1	\$ 103,536	\$ 17,500	\$ 86,036	
HOME	11	\$ 1,372,194	\$ 297,000	\$ 1,031,244	\$ 43,950
TOTAL	12	\$ 1,475,730	\$ 314,500	\$ 1,117,280	\$ 43,950
FYO 5 / 2nd QUARTER					
HTF	1	\$ 158,482	\$ 32,400	\$ 117,224	\$ 8,858
HOME	5	\$ 727,581	\$ 117,210	\$ 605,351	\$ 5,020
TOTAL	6	\$ 886,063	\$ 149,610	\$ 722,575	\$ 13,878
FYO 5 / 3rd QUARTER					
RRPI	1	\$ 142,846	\$ 27,250	\$ 105,363	\$ 10,233
SEDC	1	\$ 122,290	\$ 23,000	\$ 96,990	\$ 2,300
HOME	8	\$ 1,066,299	\$ 213,680	\$ 834,539	\$ 18,080
TOTAL	10	\$ 1,331,435	\$ 263,930	\$ 1,036,892	\$ 30,613
FYO 5 / 4th QUARTER					
TOTAL	0	\$ -	\$ -	\$ -	\$ -

**Total equity share to the Housing Commission since inception of cash-out refinancing (May 2004) is \$1,482,121.