Colorado Housing and Finance Authority
CHFA Form 250, Shared Appreciation Rider
Document Completion Instructions

This instruction page is for informational purposes only for the CHFA Participating Lender and should NOT be sent to the title company for closing.

As a reminder, obtaining this form in the CHFA HomeConnection^{sm} site will auto-populate certain fields. These forms should NOT be downloaded into the Participating Lenders' document preparation system, documents should always be obtained through the CHFA HomeConnection site or CHFA's website, or a CHFA approved document preparation system that has already worked with CHFA to provide CHFA forms.

THIS RIDER MUST BE ATTACHED TO, AND RECORDED WITH CHFA FORM 395, SUBORDINATE SHARED APPRECIATION DEED OF TRUST.

- **Borrower's signature lines** – Borrowers names will auto-populate under the signature lines. Check for accuracy, should match the first mortgage Note and Deed of Trust. If corrections are needed, click on the box to edit.

THIS PAGE IS FOR INFORMATIONAL PURPOSES ONLY, DO NOT RECORD.

Colorado Housing and Finance Authority
chfainfo.com

CHFA SCHOOLS TO HOME PROGRAM
SHARED APPRECIATION DISCLOSURE RIDER

PLEASE READ ALL LOAN DOCUMENTS CAREFULLY

The CHFA Schools To Home Program ("Program") is a shared appreciation down payment assistance program funded by Colorado's Public School Permanent Fund (PSPF). The Program provides loan funds as a second mortgage (a "Program Loan") to help public school employees* like you buy homes. <u>If you get a Program Loan, in the future you will have to pay back the Program Loan, plus you will have to pay an additional "Shared Appreciation Payment.</u>"

To get a Program Loan, you must sign a Promissory Note and a Deed of Trust (called the "Loan Documents"). This Disclosure Rider is part of the Deed of Trust, but this Disclosure Rider is for explanation purposes only. The other Loan Documents are more detailed. <u>Make sure you read and understand all the Loan Documents and talk to a lawyer if you do not understand them completely</u>.

If there is a conflict between the Disclosure Rider and the Deed of Trust or the Promissory Note, the Deed of Trust and the Promissory Note control.

1. **Paying Back the Loan.** Your Program Loan is a "deferred" loan. This means that you do not have to make any payments for 30 years, so long as: (1) you own the home; (2) you live in the home as your primary residence; (3) there is still some amount of principal balance outstanding on your first mortgage loan and on the Program Loan; and (4) you do not violate any of the terms of the Loan Documents. If, instead, you sell or transfer the home, start living somewhere else, pay off the entire principal balance of your first mortgage loan or your Program Loan, or if you break the conditions of the Loan Documents, these are called "Maturity Events." If a Maturity Event happens, the Program Loan will become due immediately, and you will have to pay it back. When you pay back the Program Loan, you will <u>also</u> have to pay the Shared Appreciation Payment, which is explained in the next section.

2. **Understanding Shared Appreciation.** In exchange for benefiting from this Program, you have to pay funds back into the Program. This helps keep the Program going so more public school employees can use it. Your Program Loan does not charge you regular interest payments, but you do pay funds back into the Program in two ways: (1) you repay the Program Loan amount, and (2) when you repay the Program Loan, you also pay a Shared Appreciation Payment. CHFA will calculate your Shared Appreciation Payment using the process explained below:

   Step 1: Calculating the Share. CHFA will divide your Program Loan amount by the purchase price you paid for your home, then multiply that number by 100 to get a percentage. That percentage is the share of your home's appreciation that you will have to pay to PSPF.

Step 2: Calculating Appreciation. After CHFA calculates the percentage that is the share of appreciation you have to pay to PSPF, CHFA will calculate the amount your home has appreciated (increased in value) since you bought it. CHFA will calculate appreciation in one of three ways:

i. If you sell the home to an unrelated person, appreciation will be the sales price of the home minus the purchase price you paid to buy the home; or

ii. If you are refinancing your home, you will need to provide, or have your new lender provide, CHFA with the appraisal or valuation from the refinancing transaction showing your home's value. Appreciation will be the value shown on that appraisal or valuation minus the purchase price you paid to buy the home; or

iii. If you are not selling the home to an unrelated person or refinancing and you need to pay back the Program Loan for another reason, CHFA will obtain a formal valuation of your home's fair market value. You will be responsible for paying for CHFA's cost of obtaining the valuation. Appreciation will be the fair market value of your home from the valuation minus the purchase price you paid to buy the home.

Step 3: Calculating Your Shared Appreciation Payment. Finally, CHFA will multiply the percentage from Step 1 with the appreciation calculated in Step 2. The resulting number is the amount of your Shared Appreciation Payment that you are required to pay to PSPF along with paying back the Program Loan. If your Shared Appreciation Payment is calculated as zero or a negative number, this means your home did not increase in value after you bought it. Homes usually increase in value over time but not always. If your home does not increase in value, you will still have to pay back the Program Loan and any related costs, but you will not have to pay any Shared Appreciation Payment.

3. **Summing Up Your Obligations.** By accepting the Program Loan, you are agreeing to all the terms and conditions in your Loan Documents. You are agreeing that you will pay back the Loan <u>and</u> pay PSPF the Shared Appreciation Payment. You are also giving CHFA the right to calculate your Shared Appreciation Payment and accepting that you will not be able to argue or change CHFA's calculation. This means that when it is time to pay back your Program Loan, either at the end of the 30-year loan term or earlier because of a Maturity Event, you may owe CHFA, on PSPF's behalf, a large, extra payment in exchange for the benefit of getting the Program Loan now. Make sure that you understand and are comfortable with this before you accept the Program Loan.

**A public school employee is anyone who is an employee of a preK-12 Colorado public school, school district, charter school, institute charter school, board of cooperative educational services, or innovation zone, and who is designated a full-time employee by that employer. Public school employees can use Program Loans for down payments, closing costs, prepaid items relating to the primary loan, and principal reductions.*

By signing below, Borrower(s) acknowledge(s) reading, understanding, and agreeing to the Shared Appreciation Program Disclosure Rider.

______________________________ Borrower	Date ______________________________
______________________________ Borrower	Date ______________________________
______________________________ Borrower	Date ______________________________
______________________________ Borrower	Date ______________________________

State of Colorado)
) ss
_________County of ____________)

The foregoing instrument was acknowledged before me on this _____day of ________________, 20___, by

____and, _______________________________________and,

____and, _______________________________________

[Borrower(s)].

Witness my hand and official seal.

____
Notary Public

My Commission Expires: ______________