



# AFFORDABLE HOMEOWNERSHIP PROGRAM

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Buyer's Information Sheet

Do you want to be a homeowner but feel that prices are too high? That you don't have enough down payment or income? Concerned about losing money?

## The Shared Equity Approach

You will own the Property. You obtain a loan that you can afford based on an "Adjusted Property Value," and partner with ECD investors who make a substantial down payment along with your down payment. In return, you agree to share the appreciation of the Property through a Shared Equity Option Agreement. We know that properties don't always go up in value. ECD investors share in a portion of the losses (if any) if property values drop (ECD's share in losses is typically more than its competitors) – so you're not alone in this journey. Also, in some limited cases, you may agree to certain restrictions\*.



### FIVE EASY STEPS

★ ECD and affiliates will work with you throughout the process ★

- Email us expressing your interest at [info@elev8cd.com](mailto:info@elev8cd.com) or [click here](#) to submit online
- Complete Qualification Process<sup>1</sup> (Income & Asset Verification, Acknowledgement of Terms, Restrictions)
- Get a Loan through a qualified lender (through Cal HFA, CDFI Lender or private lender)
- Identify a Suitable Property with ECD help.
- Purchase Property, Sign Equity Sharing Agreement & Move In.

<sup>1</sup> There are limited social investor funds available, and limited resales by existing low-income Owners. Thus, Qualified Buyers may be put on a **waitlist** and notified when opportunities arise.



### Restrictions\*

As part of the Shared Equity Approach in which a municipality (government) is the investor (not common), restrictions may be required, including recorded covenants on Title.

#### Cap on appreciation

As part of the Shared Equity Approach in which a municipality (government) is investing with you, your annual appreciation on Affordable Home Price is capped (typically at 1% to 3%).

#### Resale

You can sell your property, but you must sell to another qualified low-income family

#### Temporary & ROFR

The Restricted Covenant will end after 30 years with a right to repurchase the home from you (or subsequent low-income family) by ECD or affiliate

**These are not common – we just want to let you know that some programs we administer may involve these**



### DISCLOSURE

This is not a solicitation for investment, or loan services. The terms above are to be mutually agreed upon by both parties with assistance of each party's respective counsel.

\* For a complete list of restrictions see Temporary Restricted Use Covenant, which terms may vary by municipality.



### ABOUT US

Elevate Community Development, Inc. (ECD) is a California benefit corporation formed in 2020. As a benefit corporation, ECD formally puts a social mission (advancing homeownership for low and moderate income persons) as a higher priority than profit. ECD advances equal housing under the FHA promoting diversity, equity and inclusion to help achieve fair homeownership opportunities.





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## COMPARISON

Assumes Owner Refinance in Year 5  
 Assumes Owner Contributes \$20,000  
 Assumes Investor Contributes \$40,000 for a 30% Appreciation Share  
 Assumes Original Purchase Price of \$500,000  
 Assumes Adjusted Property Value of \$400,000 based on 20% Multiplier

When comparing programs, an Owner will want to look at three key variables that affect the net amount to you, the Owner: (1) what is the "Adjusted Property Value" (the lower this amount is below the FMV, the less \$ to you the Owner); (2) The Investors share in appreciation; (3) Whether any equitable (or fairness) adjustments are included.

### When Things Are Going Well (Home Prices Increase)

Same Results

Annual Appreciation **2.0%**

	<u>COMPETITOR</u>	<u>ELEVATE</u>	<u>Difference</u>
FMV (the "Final Property Value")	\$ 552,000	\$ 552,000	
Owner Share Gross (unadjusted)	\$ 466,400	\$ 466,400	\$ -
Investor Share Gross (unadjusted)	\$ 85,600	\$ 85,600	\$ -
<b><u>Equitable Modification</u></b>			
Investor Share Gross (Adjusted) (the "Equity Share Payment")	\$ 85,600	\$ 85,600	\$ -
Owner Share Gross (Adjusted)	\$ 466,400	\$ 466,400	\$ -

Annual Appreciation **5.5%**

	<u>COMPETITOR</u>	<u>ELEVATE</u>	<u>Difference</u>
FMV (the "Final Property Value")	\$ 653,000	\$ 653,000	
Owner Share Gross (unadjusted)	\$ 537,100	\$ 537,100	\$ -
Investor Share Gross (unadjusted)	\$ 115,900	\$ 115,900	\$ -
<b><u>Equitable Modification</u></b>			
Investor Share Gross (Adjusted) (the "Equity Share Payment")	\$ 115,900	\$ 115,900	\$ -
Owner Share Gross (Adjusted)	\$ 537,100	\$ 537,100	\$ -

### When Things Are NOT Going Well (Home Prices Decrease)

Annual Appreciation **-1.0%**

	<u>COMPETITOR</u>	<u>ELEVATE</u>	<u>Difference</u>
FMV (the "Final Property Value")	\$ 475,000	\$ 475,000	
Owner Share Gross (unadjusted)	\$ 412,500	\$ 412,500	\$ -
Investor Share Gross (unadjusted)	\$ 62,500	\$ 62,500	\$ -
<b><u>Equitable Modification</u></b>			
Investor Share Gross (Adjusted) (the "Equity Share Payment")	\$ 62,500	\$ 58,700	\$ (3,800)
Owner Share Gross (Adjusted)	\$ 412,500	\$ 416,300	\$ 3,800

**More \$ to Owner:**  
 In down times, an "Equitable Modification" is made to benefit the Owner.

Annual Appreciation **-5.6%**

	<u>COMPETITOR</u>	<u>ELEVATE</u>	<u>Difference</u>
FMV (the "Final Property Value")	\$ 375,000	\$ 375,000	
Owner Share Gross (unadjusted)	\$ 342,500	\$ 342,500	\$ -
Investor Share Gross (unadjusted)	\$ 32,500	\$ 32,500	\$ -
<b><u>Equitable Modification</u></b>			
Investor Share Gross (Adjusted) (the "Equity Share Payment")	\$ 32,500	\$ 13,700	\$ (18,800)
Owner Share Gross (Adjusted)	\$ 342,500	\$ 361,300	\$ 18,800

