



**Shared Appreciation  
 Example  
 Low Income Borrower**



**Antonio R. Villaraigosa, Mayor**  
 Mercedes Márquez, General Manager

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

<b>Financing</b>	
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
<b>Total Funding Sources</b>	<b>\$384,800</b>

<b>Appreciation</b>	
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
<b>Appreciation (Future Sales Price - Original Purchase Price)</b>	<b>\$177,690</b>

<b>Amounts Due LAHD</b>	
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
<b>Total Due LAHD for Purchase Assistance, Shared Appreciation</b>	<b>\$166,083</b>

<b>Funds to Owner</b>	
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)
<b>Total Funds to Owner</b>	<b>\$111,277</b>