DISCLOSURE STATEMENT

AC BOOST DOWN PAYMENT ASSISTANCE LOAN PROGRAM

The AC Boost Down Payment Assistance Loan Program ("DALP") is established by Alameda County (the "County") to help low and moderate income households, like yours, in purchasing a home in Alameda County. The County is providing a loan of AC Boost funds (the "County Loan") in order to assist you in purchasing your home. As a condition of providing the County Loan, the County will require you to sign a Promissory Note and a Deed of Trust. You and the County will also enter into an Occupancy, Shared Appreciation, and Refinancing Restriction Agreement with Option to Purchase on Default (the "Shared Appreciation Agreement"). **The Shared Appreciation Agreement and Deed of Trust will be recorded against your property.** The Promissory Note, Deed of Trust and Shared Appreciation Agreement relating to the County Loan are referred to in this Disclosure Statement as the "County Loan Documents". This Buyer's Disclosure Statement explains the major provisions of the Shared Appreciation Agreement, Promissory Note and the Deed of Trust to make sure that you understand their requirements. **You should, of course, read all of the County Loan Documents yourself and become completely familiar with them.**[1]

I. PRIMARY RESIDENCE AND CONTROLS ON RENTING OR LEASING YOUR HOME Under the terms of the County Loan Documents, the house you buy with the County Loan funds must be your main place of residence. This means that you must live in the house no less than ten months out of each calendar year. On or before February 1 of each year, you must certify to the County that you continue to occupy the home as your principal place of residence. The form of certification that you must provide to the County is attached as Exhibit D to the Shared Appreciation Agreement. In addition, you cannot rent out all or any portion of your home. You must provide the County or its agent with an annual verification that you are not renting your home and that you are occupying it as your primary place of residence.

II. REPAYMENT OF COUNTY LOAN FUNDS. Your County Loan is a "deferred" loan. This means that you do not have to pay it back until the end of the 30 year term of the loan, so long as you own the home and you do not violate any of the terms of the County Loan Documents. However, if you sell or transfer the home or if you break the terms of the County Loan Documents, the loan will become immediately due and you will have to pay it back. The County Loan includes the requirement to pay "Shared Appreciation" which is described in the next section.

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[1] Numerical examples are included in this Disclosure Statement to help you better understand the concepts, terms, and provisions of your County Loan. Please be aware that these are simply to show how things work and that they are not intended to represent your specific situation or loan amount. If you follow along with a calculator, you may not get exactly the same answers. Any differences are probably due to how your calculator "rounds-off" numbers.

A. Shared Appreciation. As mentioned earlier, the County wants to help low and moderate income homebuyers who would otherwise struggle to afford homes in the County without additional financial assistance. County resources, however, are limited. You benefited from County financial help; it is only fair that you repay the County in proportion to that benefit. That is why the County has included "Shared Appreciation" in your loan repayment. In general, Shared Appreciation is a percentage of the difference between the original purchase price of your home and the price at which you sell it. This difference is called the "Appreciation Amount."

The Shared Appreciation you pay represents the benefit you received through receipt of the County Loan. It is the percentage that is calculated by dividing the amount of the County Loan by the original purchase price that you paid for your home. For example, if the County Loan provided sixteen percent of the original purchase price of your home, when you sell the home, sixteen percent of the appreciation amount is owed to the County as Shared Appreciation. Examples 1 and 2 sets this out with numbers.

EXAMPLE 1 You sell your home after living in it for 3 years. Your County Loan is $100,000. The original purchase price you paid for the home when you bought it was $625,000.

Shared Appreciation: $100,000 ÷ $625,000 = 16%

This means that the County will receive 16% of the appreciation on your home which is the difference between the original purchase price of your home and the price at which you sell it. If we use $700,000 as the actual sales price, the following would result:

Resale Price	$700,000
Original Purchase Price	- $625,000
Total Appreciation Amount	$75,000
County Share of Appreciation (16% of $75,000)	- $12,000
Share of Appreciation That You Keep	$63,000

Under these assumptions, if you sell your home in 3 years, the total you would owe the County is the following:

County Loan Amount	$100,000
County Share of Appreciation	+ $12,000
TOTAL AMOUNT YOU OWE THE COUNTY	$112,000

EXAMPLE 2 You sell your home after living in it for 10 years. Your County Loan is $100,000. The original purchase price you paid for the home when you bought it was $625,000.

Shared Appreciation: $100,000 ÷ $625,000 = 16%

This means that the County will receive 16% of the appreciation on your home which is the difference between the original purchase price of your home and the price at which you sell it. If we use $975,000 as the actual sales price, the following would result:

Resale Price	$975,000
Original Purchase Price	- $625,000
Total Appreciation Amount	$350,000
County Share of Appreciation (16% of $350,000)	- $56,000
Share of Appreciation That You Keep	$294,000

Under these assumptions, if you sell your home in 10 years, the total you would owe the County is the following:

County Loan Amount	$100,000
County Share of Appreciation	+ $56,000
TOTAL AMOUNT YOU OWE THE COUNTY	$156,000

In cases where transfer of your home to another person is by means other than sale (with the exception of a creditor taking title), or at the end of the 30 year term of the Note, the appreciation is the difference between the original purchase price and the Fair Market Value of the home at the time of transfer. The Fair Market Value is determined as set out in Section II.B. below.

If there is no increase in the value of your home when the County Loan is repaid, you will still owe the outstanding principal amount of the County Loan, but Shared Appreciation will not be due at the time of repayment.

B. Fair Market Value. Under the terms of the County Loan Documents, the Fair Market Value must be determined by a real estate appraiser approved in advance by the County. If possible, the appraisal will be based on the sales prices of homes similar to yours which are sold in your area during the preceding three-month period.

The cost of the appraisal will be paid by you. For example, if the appraisal costs $500, you will be responsible for $500.

III. PREPAYMENT OF COUNTY LOAN You have the right to prepay part or all of the County Loan. If you prepay all of the County Loan, shared appreciation on your loan will be due based on the Fair Market Value of your home at the time of prepayment. Fair Market Value shall be determined by an appraisal (conducted as set forth in Section II.B. above). In the case of prepayment, you will be responsible for paying the cost of the appraisal. If you prepay only a part of the County Loan, the payment that you make will be applied to both the amount of principal and the amount of Shared Appreciation you owe based on the following calculations:

Amount of Prepayment Applied to Principal	Amount of Prepayment Applied to Shared Appreciation
Principal Amount of County Loan ÷ (Principal + Shared Appreciation Due at Time of Prepayment)	County Shared Appreciation ÷ (Principal + Shared Appreciation Due at Time of Prepayment)

In addition, your Shared Appreciation percentage will change because you paid off a portion of the original County Loan amount (the principal). Example 3 shows how this would work.

EXAMPLE 3 You have a County Loan in the amount of $100,000 (the principal). The original purchase price of your home was $625,000. Shared Appreciation is 16% (the result of $100,000 ÷ $625,000). You decide to prepay $75,000 of the loan. At the time of prepayment, the fair market value of the home is $675,000.

Fair Market Value (established by new appraisal)	$675,000
Original Purchase Price	- $625,000
Total Appreciation Amount	$50,000
County Share of Appreciation (Shared Appreciation = 16%)	$8,000

Your $75,000 prepayment is applied to principal and Shared Appreciation in the following manner:

<u>Amount of Prepayment Applied to Principal</u>	<u>Amount of Prepayment Applied to Shared Appreciation</u>
$100,000 ÷ ($100,000 + $8,000)	$8,000 ÷ ($100,000 + $8,000)
$100,000 ÷ $108,000	$8,000 ÷ $108,000
0.93 or 93% of the prepayment of $75,000 is applied to principal or **<u>$69,750</u>**	0.07 or 7% of the prepayment of $75,000 is applied to Shared Appreciation or **<u>$5,250</u>**

<u>Principal Amount of County Loan Left Owing</u>: $100,000 - $69,750 = $30,250

<u>New Shared Appreciation</u>: New Principal Amount ÷ Original Purchase Price
(for future loan repayment) $30,250 ÷ $625,000

New Shared Appreciation = 4.8%
(for future loan repayment)

IV. <u>DEFAULT PROVISIONS</u> When you accept County Loan assistance, you agree to meet all of the conditions of all of the County Loan documents. If you violate any provisions of the documents, you are considered to be in default under your County Loan. Also, if you default under any other loan on the home, such as your first mortgage loan, you would also be considered to be in default under the County Loan. If you do not correct the violation, the County could require you to repay the County Loan. The County could also go to court and get a court order to enforce the provisions of the County Loan documents. In addition, if you fail to meet the requirements of County Loan, the County has the right to foreclose and take your home. The County also has an option to purchase should you default under your Shared Appreciation Agreement.

V. <u>REFINANCING FIRST MORTGAGE LOAN</u> All refinances must be approved in advance by the County. Any amount received from the refinancing of your first mortgage loan can be no more than the outstanding principal amount of your first mortgage at the time of refinancing. In addition, the replacement loan may only be made by a bank, credit union or savings and loan association approved in advance by the County and the refinance cannot result in a cash out to you. If you do not obtain County consent to a refinance, choose to refinance your first mortgage for a larger amount, through a lender other than a bank, credit union or savings and loan association approved in advance by the County, or the refinance results in a cash out payment to you, you will be required to repay the principal and Shared Appreciation owed to the County.

VI. **INSPECTIONS** Under the terms of the County Loan Documents, you agree to allow the County and its authorized representatives the right to enter your home at reasonable times and in a reasonable manner in order to inspect the home to determine that you are meeting the provisions of your County Loan.

VII. **AMOUNT OF COUNTY LOAN** The amount of your County Loan was determined based on your need. When you were notified that your County Loan application was approved, the County informed you of the amount that it expected to loan to you. Before you purchase your home, however, the County will review your closing documents to confirm whether you still need the full amount of the County Loan. If the County determines that you do not need the full amount of the County Loan because you will receive excess loan proceeds when you purchase your home, it shall reduce your loan by the amount of such proceeds.

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Please sign the enclosed copy of this Buyer's Disclosure Statement in the space provided below and return it to:

Alameda County
Housing and Community Development Department
Attn: Teresa Hester
224 W. Winton Avenue, Room 108
Hayward, CA 94544

I have read and understand the above Buyer's Disclosure Statement.

BUYER

____________________________ __________________
Date

____________________________ __________________
Date