

EXHIBIT A
HOPE for Homeowners Consumer Disclosure and Certification Form

FHA's HOPE for Homeowners Program:

U.S. Department of Housing and
Urban Development
Office of Housing
Federal Housing Commissioner
OMB Approval No. -----(Exp. -----)

Loans made under the FHA's HOPE for Homeowners Program have some special restrictions. If you refinance your home through this program:

- 1) You must share equity and future appreciation as described below.**
- 2) You cannot take out a second mortgage, home equity loan, or home equity line of credit for the first five years you have your new loan, except under certain circumstances for emergency repairs.**
- 3) You will pay an upfront mortgage insurance premium of 3% and a 1.5% annual mortgage insurance premium on the current principal balance of the new mortgage. The annual premium will be included in your monthly payments.**

If you refinance your home through this program you will not owe any payments, fees, penalties or other debt on your existing mortgage(s).

Equity and Appreciation Sharing Requirements

- You agree to share both the initial equity created at the beginning of this mortgage and any future appreciation in the value of your home with FHA. Initial **equity** is the difference between the appraised value of the home at the time of the new FHA loan and the original balance on your FHA mortgage. **Appreciation** is the growth, if any, in the appraised value of the home between the time you take out the FHA mortgage and the time you sell your home.

- You will share the newly created equity with FHA, if you sell or refinance your home, as follows:

During year 1	100% of the initial equity is paid to FHA
During year 2	90% of the initial equity is paid to FHA
During year 3	80% of the initial equity is paid to FHA
During year 4	70% of the initial equity is paid to FHA
During year 5	60% of the initial equity is paid to FHA
After year 5	50% of the initial equity is paid to FHA

- When you sell your home, you will also share with FHA one half (50%) of any appreciation created since the time you took out this loan.
- For an example of how this works, see the **"Example of How Equity and Appreciation Are Shared."**

I/we certify that we have read the above restrictions. If I/we are offered and accept a loan under the FHA's HOPE for Homeowners Program, I/we understand that I/we will be agreeing to be bound by these restrictions on the new loan for as long as we hold that loan.

EXHIBIT A

FHA's HOPE for Homeowners Program:

Certifications for Application

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner
OMB Approval No. -----(Exp. -----)

To apply for a loan under the HOPE for Homeowners Program, you must certify that the following statements are true. There are serious penalties if you provide false information.

I/we certify that:

- I/we have not intentionally defaulted on my/our mortgage or any other debt. ("Intentionally defaulted" means I/we had readily available funds, at the time payment on the mortgage or other debt was due, that could have paid the mortgage or other debt without undue hardship.)
- I/we have not been convicted of fraud under federal or state law in the past 10 years. I/we agree that FHA may perform routine background checks, including automated searches of federal, state and county data bases, to confirm that I/we have not been convicted of fraud.
- I/we have not knowingly, or willfully and with actual knowledge, furnished material false information for the purpose of obtaining my/our existing mortgage(s).

I/we understand that:

- If I/we misrepresent anything in this statement or any other documentation I/we provide for Program eligibility, and I/we refinance through this program, I/we will be liable to repay the Federal Housing Administration any direct financial benefit I/we gain from the reduction of debt on the existing mortgage(s).
- If I/we make any willful false statement in this certification or any other documentation I/we provide for Program eligibility, I/we may be punished with fines or imprisonment of up to 5 years, or both, under section 1001 of title 18, United States Code, and I/we also may be subject to civil and/or administrative penalties and sanctions.

Signature & Date

X _____

X _____

EXHIBIT A
HOPE for Homeowners
Example of How Equity and Appreciation Are Shared

This is an example of how the unique equity and appreciation sharing elements of this program work. Keep in mind that this is only one example, and your actual experience will depend on many things, including how much your home increases or decreases in value. **Additional examples and details about how the equity and appreciation in your home is calculated can be found at www.hud.gov.**

1. Let's say your home has an appraised value at the time you receive your FHA mortgage of..... \$200,000.
2. And your mortgage is 90% of this, or..... \$180,000.
3. This means the initial **equity** is the difference between 1 and 2, or..... \$20,000.

In this example, you and the FHA share this \$20,000 when you sell your home or refinance your loan. Here's how that \$20,000 would be split:

If you sell or refinance:

During Year 1	FHA receives 100%, or	\$20,000	You receive 0%, or	\$0
During Year 2	FHA receives 90%, or	\$18,000	You receive 10%, or	\$2,000
During Year 3	FHA receives 80%, or	\$16,000	You receive 20%, or	\$4,000
During Year 4	FHA receives 70%, or	\$14,000	You receive 30%, or	\$6,000
During Year 5	FHA receives 60%, or	\$12,000	You receive 40%, or	\$8,000
After Year 5	FHA receives 50%, or	\$10,000	You receive 50%, or	\$10,000

In addition to this equity sharing, you will have to share any future **home price appreciation** with the FHA. This means that, if your home has gone up in value between the time you receive your FHA mortgage and the time of your home sale (or other disposition), you will share the amount of this increase with the FHA (less closing costs and a portion of any improvements you have made). This is a 50/50 split that does not change over time. For example if¹:

1. The value of your home when you take out this loan is..... \$200,000
2. After some years, you decide to sell. Now the home is worth..... \$250,000
3. That means the **appreciation** is the difference between 1 and 2, or..... \$50,000

In this example, you would keep half of this, or \$25,000. The FHA would also receive half, which is also \$25,000.

Again, keep in mind that this is just one example, and your actual experience will vary depending on factors such as: How much your home is worth when you get a new HOPE for Homeowners loan, how long you stay in your home, and how much your home is worth when you sell.

¹ These examples assume that there are no closing costs when you sell your home and that you have made no improvements to your home.