

COMMON QUESTIONS ABOUT THE H₂O PROGRAM

1. What are the Terms of an H₂O Loan?

- H₂O provides loans to families who need help to purchase a home, and are first-time homebuyers. Funds can be used to cover the down payment and closing costs.
- You make no monthly payments during the term of the loan, however, this assistance is not a grant.
- You must repay the down payment loan within 15 years unless you are in default or one of the situations listed in question #3 applies to you. Then you must repay your loan immediately!
- When you repay your loan the amount you repay is based on how much you borrowed and how much your home has appreciated. Because we do not know how much your home will increase in value, this loan is considered an equity share mortgage. You will repay a pro rata share of the recognized appreciation (if any) based on the percentage of the H₂O loan to the original purchase price. See question 4 and read your disclosure forms carefully!
- An exception to this is if you wish to repay your loan in the first 2 years. Then you will owe only principal balance (the amount you borrowed).

2. Who Can Get H₂O Help?

Eligible families must:

- be low income (see income insert)
- have \$1,000 of their own money
- be able to qualify for a mortgage with the help of H₂O funds
- be willing to repay the loan
- attend home owner training
- live in the home purchased
- qualify under the income guidelines for the county where the home is located.
- not have owned a residence within the previous three years.

3. When Do I Repay the Loan?

The loan must be repaid within 15 years unless one of the following situations applies. If this should happen, the full balance of your loan is due immediately:

1. You sell your home.
2. You refinance your home.
3. You use your home for collateral on other loans.
4. You no longer live in your home.
5. You do not pay your first mortgage or you go into foreclosure.
6. You file for bankruptcy.
7. You use your home for some purpose other than a residence.
8. You use the home for illegal activities.
9. The 15-year term of this loan is up.
10. If you pass away, your estate must repay this loan.

4. How Much Will I Owe?

This information is covered in detail in your Loan Disclosure documents.

READ THESE DOCUMENTS CAREFULLY BEFORE AGREEING TO THE TERMS OF THIS LOAN!

Example: Your family purchases a \$100,000 home. You borrow \$5,000 from this program to cover the down payment. Assume you want to sell your home in 4 years, and at that time it appraises for \$120,000. By signing the contract for this loan, you will be obligated to repay according to the calculations below.

1. Principal or Loan Amount:	\$5,000
2. Appreciation:	\$20,000 increase in value from the original purchase price of \$100,000
3. Pro Rata Share of the Equity:	5% of the \$20,000 equity
4. Repayment:	
a. Principal	\$5,000
b. Pro Rata Equity Share	<u>+ \$1,000 (5% of the \$20,000 equity)</u>
	\$6,000 Total Repayment

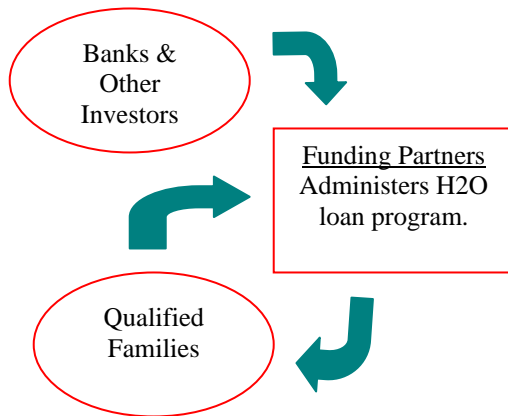
ABOUT THE H2O PROJECT

The House to Home Ownership project, or H2O, is made possible by a unique partnership between Funding Partners, U.S. Department of the Treasury, regulated financial institutions, foundations and mortgage lenders throughout our service area.

FirstBank, under separate charters, made the initial investment of \$1,200,000 in Funding Partners for Housing Solutions, which is a non-profit Community Development Financial Institution, to pilot this down payment assistance program. Since 1999, the program has been expanded to include all of Colorado with multiple investment sources.

Funding Partners, in turn, makes these funds available to qualified families, while developing a network of responsible mortgage professionals that provide the primary purchase loan.

The assistance provided to you through H2O is part of a revolving pool of funds. When you repay your loan, it is used to help another family enter home ownership!



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H2O

**House to Home Ownership
Down Payment Assistance
Loan Program®**

