



California Housing Finance Agency

Dream For All Shared Appreciation Loan Program

Frequently-Asked Questions

Last Revised: January 2024

What is the Dream For All Shared Appreciation Loan?

The Dream For All Shared Appreciation Loan (Shared Appreciation Loan) is a shared appreciation loan program that provides loans for down payment to qualified homebuyers. Upon sale or transfer of the home, the homebuyer repays the original down payment loan, plus a share of the appreciation in the value of the home. Those repayments are then used to fund future homebuyer down payments.

What is the maximum loan amount for the Shared Appreciation Loan?

The maximum loan amount is up to \$150,000 or 20% of the sales price or appraised value, whichever is less.

Do all borrowers have to be first-generation homebuyers?

No, only one borrower has to meet the definition of a first-generation homebuyer.

What is the minimum CLTV?

The CLTV must be between 95.00% and 105.00%.

Do all borrowers have to be a current California resident?

No, only one borrower has to be a current California resident.

What are the income limits for the Shared Appreciation Loan?

- Income cannot exceed [CalHFA Dream For All income limits](#).
- Use Fannie Mae's HomeReady® Lookup tool to determine if the borrower's income is less than or equal to the HomeReady 80% Area Median Income (AMI). Lower Income (LI) borrowers are eligible for CalHFA's LI interest rate and a reduced amount of shared appreciation repayment.

Are borrowers required to make monthly payments on the Shared Appreciation Loan?

No, payments are deferred for the life of the first mortgage.

Does CalHFA allow borrowers to make payments on the Shared Appreciation Loan?

Yes, however payments are applied to the principal balance only and do not affect the shared appreciation portion. However, paying off the principal balance in full will trigger the repayment of the shared appreciation portion.

Example 1: 20% Shared Appreciation Loan

Scenario: Borrower AMI is above 80% AMI and up to CalHFA Income Limits

\$500,000 (A) Original sales price or original appraisal, whichever is less
 x 0.20 20% of the sales price

\$100,000 (B) Shared Appreciation Loan

At time of sale, refinance or other transfer new value is \$700,000

\$700,000 (C) New Value
 \$200,000 Appreciation (C - A)
 x 0.20 20% of the Appreciation

= \$40,000 (D)

Borrower owes:

\$100,000 Original Shared Appreciation loan (B)
 + \$40,000 Program Share of Appreciation (D)

\$140,000 Total (B + D)

Example 2: 20% Shared Appreciation Loan

Criteria: Borrower AMI is under and up to 80% AMI

\$400,000 (A) Original sales price or original appraisal, whichever is less
 x 0.20 20% of the sales price

= \$80,000 (B) Shared Appreciation Loan

At time of sale, refinance or other transfer, new value is \$600,000

\$600,000 (C) New Value
 \$200,000 Appreciation (C - A)
 x 0.20 20% of the sales price

= \$40,000 (D)
 x 0.75 Factor for program share of appreciation

= \$30,000 (E) Program Share Of Appreciation

Borrower owes:

\$80,000 Original loan (B)
 + \$30,000 Program Share of Appreciation (E)

= \$110,000 Total owed to program on sale

Is the percentage of shared appreciation dependent on the percentage of down payment?

Yes. For Borrowers with incomes:

- Above 80% AMI and less than or equal to the CalHFA Income Limits, the share is 1:1
- Less than or equal to 80% AMI, using the HomeReady® Look Up Tool, the share is 0.75:1
 - See examples on next page.

Does the Shared Appreciation Loan need to be combined with a CalHFA first mortgage?

Yes, the Shared Appreciation loan must be paired with a Dream For All first mortgage.

What CalHFA first mortgage loans are eligible to use with the Dream For All Shared Appreciation loan?

The Shared Appreciation Loan may only be combined with a Dream For All Conventional loan.

Can the MyHome Assistance Program be combined with the Shared Appreciation Loan?

No, the MyHome Assistance Program may not be used with the Shared Appreciation Loan.

Can other non-CalHFA Down Payment Assistance Programs be used with the Shared Appreciation Loan?

Yes, loans that meet Fannie Mae Community Second guidelines and are subordinate to the Shared Appreciation Loan may be combined.

Does my borrower need to be a first-time homebuyer for the Shared Appreciation Loan?

Yes, all borrowers must be first-time homebuyers.

Who can originate the Shared Appreciation loan?

Lender Eligibility Requirements

To be eligible to participate in this program, lenders must be approved by:

- CalHFA
- Lakeview Loan Servicing (LLS), CalHFA's master servicer
 - To seek LLS approval, contact the Counterparty Risk Management team at CRM@lakeviewloanservicing.com

What areas of California are eligible for CalHFA Financing?

Properties located anywhere within the State of California may be eligible for the program.

Is homebuyer education required on CalHFA loan programs?

Yes. In addition to the Homebuyer Education and Counseling required for the Dream For All Conventional first mortgage, at least one borrower must take additional CalHFA homebuyer education specifically for shared appreciation loans.

My Loan was locked before the Dream For All program was released, can I now switch to this program?

No, if your loan is rate locked prior to the release of the Dream For All program, we cannot switch, as there was no program established on the date your loan locked to switch into.

Can the Shared Appreciation Loan be used for down payment and closing cost?

Yes, Shared Appreciation Loans can be used for down payments and closing costs, including permanent interest rate buydowns.

Can the Shared Appreciation Loan be used to pay off borrower debt?

No, it cannot be used to pay off borrower debt.

Can the borrower receive cash back from the Shared Appreciation Loan?

No, cash back from the Shared Appreciation Loan is not allowed.

When is the Shared Appreciation Loan due and payable?

Repayment of the principal and any share of the appreciation on the Shared Appreciation Loan shall be due and payable at the earliest of the following events:

- Transfer of title
- Sale of the property
- Payoff of the first loan
- Payoff of the subordinate loan principal balance
- Refinance of the first loan – see program handbook for details
- The formal filing and recording of a Notice of Default (unless rescinded)

Example 3: Maximum Appreciation Owed

\$100,000	A) Original Shared Appreciation Loan
x 2.5	

\$250,000	B) Original loan amount times 2.5
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\$350,000	Loan plus modifier (A + B): This is the maximum amount due at time of pay-off; the maximum appreciation plus the original loan amount.
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What happens if the borrower pays off the first loan and stays in the home?

The Shared Appreciation loan is due and payable including any shared appreciation.

Is there a cap on the amount of appreciation that the borrower will owe on the Shared Appreciation Loan?

Yes, there is a cap on the amount of appreciation owed; the most a borrower will ever repay is 2.5 times the original loan amount.

What is the basis for determining the amount of appreciation on the Shared Appreciation Loan?

When the property is sold on the open market, the appreciation must be based on the actual sales price of the property.

- In any other instance, the appreciation must be based on an appraised value of the property obtained in accordance with the program's terms, which may include a current value established by an automated valuation model (AVM) if expressly indicated as permitted in the program's documentation. Current value of the home as determined by CalHFA
- Minus the lesser of the original sales price or original appraised value of the property equals net appreciation
- Multiplied by the shared appreciation percentage equals shared appreciation amount owed

What happens if the value of the home does not appreciate or loses value?

The principal amount of the Shared Appreciation Loan is still due and payable. If the appreciation of the property is zero or less, no additional monies would be due.