

## EXHIBIT: SAMPLE CALCULATION OF FORMULA PRICE UNDER LEASE

The "Initial Appraised Value" is \$250,000.00.

"Homeowner's Purchase Price" is \$200,000.00.

Based on the above information the following formula is used to calculate the Formula Price:

- a) *Calculation of Market Value Appreciation:* For the purpose of determining the Formula Price, Market Value Appreciation shall be determined by subtracting Current Appraised Value from the Initial Appraised Value. Following is a table for calculating Market Value Appreciation:

Current Appraised Value (at time of resale)	<u>\$290,000.00</u>
Minus Capital Improvements Appraised Value	— \$ <u>                    </u>
Minus Initial Appraised Value (at date of Ground Lease)	— <u>\$250,000.00</u>
Equals Market Value Appreciation	= <u>\$ 40,000.00</u>

- b) *Calculation of Homeowner's Share of Increase in Market Value:* For the purpose of determining the Purchase Option Price, the Homeowner's Share of Market Value Appreciation shall be determined by multiplying the Market Value Appreciation by 25% (twenty-five percent) Following is a table for calculating the Homeowner's Share of Increase in Market Value of the Home:

Market Value Appreciation	<u>\$40,000.00</u>
Multiplied by Shared Appreciation Factor	x 25%
Equals the Homeowner's Share of Market Value Appreciation	= <u>\$10,000.00</u>

- c) *Calculation of Formula Price:* The Formula Price shall be determined by adding the Homeowner's Share of Market Value Appreciation to the Homeowner's Purchase Price. Following is a table for calculating the Formula Price:

Homeowner's Purchase Price	<u>\$200,000.00</u>
Plus Capital Improvements Appraised Value	+ \$ <u>                    </u>
Plus Homeowner's Share of Market Value Appreciation	+ <u>\$ 10,000.00</u>
Equals Formula Price	= <u>\$210,000.00</u>

**EXHIBIT: SAMPLE CALCULATION OF FORMULA PRICE UNDER LEASE  
WITH CAPITAL IMPROVEMENT ADDENDUM**

The “Initial Appraised Value” is \$250,000.00.

“Homeowner’s Purchase Price” is \$200,000.00.

Based on the above information the following formula is used to calculate the Formula Price:

- a) *Calculation of Market Value Appreciation:* For the purpose of determining the Formula Price, Market Value Appreciation shall be determined by subtracting Current Appraised Value from the Initial Appraised Value. Following is a table for calculating Market Value Appreciation:

Current Appraised Value (at time of resale)	<u>\$290,000.00</u>
Minus Capital Improvements Appraised Value	– <u>\$ 10,000.00</u>
Minus Initial Appraised Value (at date of Ground Lease)	– <u>\$250,000.00</u>
Equals Market Value Appreciation	= <u>\$ 30,000.00</u>

- b) *Calculation of Homeowner’s Share of Increase in Market Value:* For the purpose of determining the Purchase Option Price, the Homeowner’s Share of Market Value Appreciation shall be determined by multiplying the Market Value Appreciation by 25% (twenty-five percent) Following is a table for calculating the Homeowner’s Share of Increase in Market Value of the Home:

Market Value Appreciation	<u>\$30,000.00</u>
Multiplied by Shared Appreciation Factor	x 25%
Equals the Homeowner’s Share of Market Value Appreciation	= <u>\$7,500.00</u>

- c) *Calculation of Formula Price:* The Formula Price shall be determined by adding the Homeowner’s Share of Market Value Appreciation to the Homeowner’s Purchase Price. Following is a table for calculating the Formula Price:

Homeowner’s Purchase Price	<u>\$200,000.00</u>
Plus Capital Improvements Appraised Value	+ <u>\$ 10,000.00</u>
Plus Homeowner’s Share of Market Value Appreciation	+ <u>\$ 7,500.00</u>
Equals Formula Price	= <u>\$217,500.00</u>