

CONSUMER DISCLOSURE – THE EARNED EQUITY PROGRAM

Originator”) desires to serve all consumers’ home financing needs, including those in typically underserved markets or those who may not qualify for traditional mortgage financing. With this mission in mind, Originator may refer certain consumers to the “Earned Equity Program” (the “Program”). Originator works with an unaffiliated party to provide the Program. The unaffiliated party is a company that specializes in products designed to bridge the gap to homeownership for consumers unlikely to qualify for traditional conforming financing.

It is important to understand that the Program is **not** a mortgage loan offered by Originator or any other party. The Program is a shared ownership financing arrangement designed to bridge the gap between renting and homeownership for those who may not qualify for a traditional mortgage.

Basic Structure of the Program

For approved consumers (“Homebuyers”):

- A governmental agency (“Agency”) — often affiliated with a Native American Tribe — purchases a home (“Home”) using the Homebuyers’ purchase and sale agreement with a third-party seller.
- Originator lends funds to the Agency for the purchase of the Home.
- The Agency enters into a ground lease financing agreement with the Homebuyers (the “Homeownership Agreement”) to purchase the Home and obtain a leasehold interest in the land. The form of the Homeownership Agreement can be obtained by contacting your loan originator.
- In addition to making payments required by the Homeownership Agreement, Homebuyers must occupy and maintain the Home.
- The Homeownership Agreement includes an option to purchase the Home (the “Purchase Option”) and otherwise is amortized and fully paid over forty (40) years, like a fully amortizing mortgage.

Highlighted Differences from Traditional Mortgage Financing

As stated above, the Homeownership Agreement is not a traditional mortgage loan. Some, but not all, differences between this Program and a traditional mortgage loan are:

1. The Agency will hold fee simple title to the Home until the Purchase Option is exercised, or the Homeownership Agreement is paid in full.
2. Homebuyers hold a ground lease interest created by the Homeownership Agreement. Fee simple title transfers to Homebuyers only upon exercising the Purchase Option or paying in full.
3. Homebuyers must sign a release of personal information so the Originator can provide that information to the Agency.
4. The Agency may obtain property insurance under a master policy, or Homebuyers may select their own provider. Insurance costs are the responsibility of the Homebuyers and are included in the monthly payment.



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5. Homebuyers will not receive a Loan Estimate from the Originator. If approved for the Program, Homebuyers will receive a summary of monthly payment obligations and closing charges.
6. Homebuyers are prohibited from leasing, subletting, or financing the Home, even temporarily.
7. Any purchase or refinance requires payment of all applicable fees under the Homeownership Agreement.
8. Homebuyers must provide documented housing payment history.
9. Mandatory homeownership education courses may be required.
10. Delayed closing or occupancy may result in the Agency voiding its commitment.

Disclosures and Consumer Protections

- The Homebuyer understands the nature of the Homeownership Agreement and acknowledges that if they choose not to exercise the Purchase Option or fail to pay for the Home in full, they may forfeit any payments or purchase credits accrued. Failure to comply with the Homeownership Agreement terms may result in the loss of the Purchase Option.
- The Homebuyer is encouraged to seek independent legal and financial advice before entering into this Agreement to fully understand the terms and implications.
- The Homebuyer has the right to review this Agreement and seek clarification on any terms before signing.
- By signing below, the Homebuyer acknowledges receipt of this disclosure and understands that the Program is a home purchase and financing program obtained through companies that are not affiliated with Originator. The Homebuyer further acknowledges that the Program has terms, conditions, and rights that differ significantly from a traditional residential mortgage loan and fee simple ownership, as described in the Homeownership Agreement.

Signature Lines

Homebuyer Name: _____

Signature: _____ Date: _____

Homebuyer Name: _____

Signature: _____ Date: _____

As an employee of Originator, I provided this Consumer Disclosure to the Homebuyers named above and have not made any representations or statements to the Homebuyers that contradict the foregoing information.

Print Name: _____ Signature: _____

NMLS #: _____

Date: _____



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