

## ENABLE APPRAISAL PROTECTION BENEFIT – MEMBER DOCUMENT (>USD 500k)

### [Enable Appraisal Protection Benefit] – Properties over USD 500,000

Your property offer has qualified for the [Enable Appraisal Protection Benefit].

As a valued member of [the Enable Association], We provide You with assistance with Your purchase and protection against Your Lender's appraiser providing a lower appraisal value on Your new property.

We understand that Your down payment of \$[125,000] has been hard to save, and We want to ensure that if Your Lenders appraisal comes in lower than the Accepted Offer Price, We help to minimise the additional amounts You may have to pay through Our [Enable Appraisal Protection Benefit]. Details can be found within this document.

#### Details of Your qualifying property offer

##### Your property and purchase details:

Your Name	[Joe Bloggs]
Your Current Address	[789 Pretend Avenue, Colorado Springs]
Your Enable Membership Number	[123456789]
Your New Property	[123, Fake Street, Colorado Springs]
Enable Membership Commencement Date	
Enable Membership Expiry date	
Date Your Property Offer Was Accepted by the Seller	[01/01/2021]
Your Accepted Offer Price	USD [500,000]
Your Required Down Payment (Deposit Amount)	USD [125,000]
Your Loan to Value Ratio (LTV) of the Mortgage Offer	[75% (calculated field – Deposit / Price)]
The Lender under Your Mortgage Offer	[The Bank]
The Lender's Mortgage Product	[up to 80% LTV]

Your Required Down Payment of [\$125,000] on Your new [\$500,000] property means that Your Loan to Value Ratio (LTV) is [75%]. Your Lender's mortgage product means they will lend You up to [80%] of Your property value. When Your Lender looks at Your property value, an independent appraiser appointed by Your Lender will provide Your Lender with an estimation of the property value. Your Lender will use this appraisal to work out how much they will lend You, **not** Your Accepted Offer Price.

#### How does the [Enable Appraisal Protection Benefit] work?

If Your appraisal value comes in below Your Accepted Offer Price, We can help provide You with details and guidance to assist in challenging this low appraisal valuation.

If this challenge is unsuccessful, it may be the case that Your Lender may vary the terms of Your Mortgage Offer (or decide not to lend to You at all) because Your proposed down payment is not big enough under the Lender's independent valuation (in other words, Your LTV would be too high).

In these circumstances, subject to the details set out within this document, We will contribute 80% of the additional funds required for the purchase to reduce Your LTV to a point where You then become eligible to borrow from Your Lender again, up to Your original Mortgage Offer.

Worked example for a 5% undervaluation:

- Accepted Offer Price is \$700,000.
- Required Down Payment is \$140,000 (i.e. 20% of the Accepted Offer Price).
- Under Your Mortgage Offer, Your Lender is willing to lend You up to 80% of the property value.
- The Lender's appraiser values the property at \$665,000 (i.e. 5% below the Accepted Offer Price).
- Based on the appraisal value, this means that the Lender is only willing to provide \$532,000 (i.e. 80% of the \$665,000).
- The mortgage amount plus Your deposit amount is \$672,000, leaving You with a \$28,000 shortfall from the Accepted Offer Price.
- If the appraisal challenge is unsuccessful and the Lender will not lend to You at the higher LTV, We will contribute 80% of the shortfall amount to Your property purchase (i.e. \$22,400). This means that You only have to contribute a further \$5,600.

## What We mean

The following words or phrases have the following specific meanings under this Benefit:

**Accepted Offer Price** – This is the price You have offered to pay for the property to the seller of the property, which has been accepted by the seller of the property, and which was the offer price You shared (i) with the Lender who is providing Your Mortgage Offer (subject to the appraisal valuation) and (ii) with Us when We assessed Your eligibility to become a member of Enable.

**Enable Appraisal Protection Benefit, Benefit** – This is the Benefit described in this document and which is provided to You as a member of the Enable Association.

**Lender** – This is the Bank, Credit Union or other regulated mortgage provider that is providing You with the mortgage or finance to purchase the new property.

**Mortgage Offer** – this is the Mortgage Offer in principle, being the agreement You have with Your Lender, to mortgage the property You are purchasing, that is subject to the appraisal valuation.

**Required Down Payment (Deposit)** – This is the amount of the property purchase price that You have agreed with Your Lender to fund Yourself, without using a mortgage or other credit facility. This is the amount that will be shown in Your Mortgage Offer.

**We, Our, Us** – This means the Enable Association.

**You, Your** – This means You, being a member of the Enable Association and the buyer of the property and borrower under the Mortgage Offer.

## We will NOT contribute funds towards the purchase on Your behalf in the following circumstances:

- If Your Lender will provide You with the necessary funds to complete the purchase, or if You are eligible for another product from the bank which will allow You to complete Your property purchase with the lower appraisal value.
- You successfully challenge the lower appraisal value.
- If You have acted dishonestly or fraudulently.
- If the appraisal value is more than [10%] below Your Accepted Offer Price, We will not contribute any more than 8% of the Accepted Offer Price (i.e. 80% of the 10% shortfall).
- If the sale falls through, any amounts We have paid need to be returned to Us.

## What happens if I get a low appraisal value?

The first steps You must take if Your appraisal value comes in below Your Accepted Offer Price are as follows:

1. You must first speak with Your Enable representative who will arm You with the relevant details for step 2.
2. You must challenge Your appraisal value.  
Because You have qualified for the [Enable Appraisal Protection Benefit] We believe Your Accepted Offer Price is reasonable, and We can help provide evidence to substantiate this. We can share this evidence with You, so You can challenge the appraisal value.
3. You must seek confirmation from Your Lender whether they will still lend to You and on what terms.  
If You had a low LTV originally, Your bank may still lend to You with just Your original deposit, or You may be eligible for a higher loan to value product. If Your Lender will not lend to You, they will provide You with a letter stating that You are not eligible for any of their products.
4. If You have provided Us with evidence that You have gone through each of these steps, and Your only solution is to put in a larger deposit, We will contribute 80% of this additional amount needed subject to the other terms set out in this document. We will pay this amount directly to Your closing agent as soon as possible, and within [30] days.

We hope that You don't need to use this Benefit, and that Your new purchase is smooth and hassle free, but You can sleep easy knowing that You have Enable in Your corner to help You through if needed.

#### **TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If any person or organization to or for whom We make payment under this Benefit has the rights to recover damages from another those rights are transferred to Us. That person or organization must do everything necessary to secure Our rights and must do nothing after a loss to impair them.

**No third party has any rights under this agreement. This agreement shall not be construed to create, or give rise to, any rights against Us for any creditor or third party.**

#### **How We Protect Your Sensitive Information**

The information You send to Us is subject to all of Our policies and procedures, including but not limited to data protection and confidentiality policies and processes. Please see the attached Privacy Policy for details.

**Tax Implications:** You may be subject to federal, state, or local tax on any payment(s) which are made to You.

**Not Transferable:** You may not assign or transfer this Benefit. The rights under this Benefit are not transferable to any subsequent purchaser or lessee or any other person or entity to whom the property that is the subject of this Benefit is conveyed by operation of law or otherwise; including, without limitation, through repossession, death, or as a gift. In addition, this Benefit is only for the property purchase set out under the section titled "Details of Your qualifying property offer" and is not transferable to any other property

We reserve the right to vary the terms of the Benefit at any time.

To insure its obligations for this Enable Appraisal Protection Benefit described herein, Enable Association has a policy provided and underwritten by an AM Best A rated carrier.

For further help or assistance, talk to Your Enable representative:

[Info@WeEnable.org](mailto:Info@WeEnable.org)

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