



## **COUNTY OF EL DORADO AFFORDABLE HOUSING PROGRAM BUYER'S ACKNOWLEDGMENTS**

THE UNDERSIGNED acknowledges, on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and accepts the terms and conditions contained in the Affordable Housing Buyer's Occupancy and Resale Restriction Agreement (Buyer's Agreement) and the Promissory Note, all of which I have agreed to comply with in return for purchasing my home at a below market-rate price. I acknowledge that a staff member of the El Dorado County Housing Programs (Program Operator) explained the terms and provisions of the Buyer's Agreement and Note to me, and that I have had a chance to review the Buyer's Resale and Program Restrictions (Attachment A). I have been provided enough time to seek an independent legal opinion about the Program documents and my purchase of the home, if I so chose.

I further understand that by my execution of the Program documents, I agree that the resale price of my home will be restricted to a price that is affordable to a household earning a predetermined percentage of Area Median Income (AMI), based on figures published by the Program Operator, based on data published by the U.S. Department of Housing and Urban Development. I understand that the Program Operator will determine the resale price applicable to my home when I notify the Program Operator of my intent to sell. I understand that fair market value will not determine the resale price of my home.

I further understand that the Program Operator's calculation of the resale purchase price for my home will consider, in addition to the current income for a pre-determined AMI level, an interest rate based on 1) data provided by Fannie Mae, Freddie Mac, or an equivalent, nationally recognized mortgage lending institution, or 2) the current,

commercially reasonable rate available through a Program-approved lender, as well as other current housing costs, such as insurance, Home Owner's Association dues, and taxes. I know that any proceeds from the sale of my home will be affected by the value of these factors, because they will be used to calculate the resale purchase price of my home.

I understand the Program Operator imposes resale restrictions on homes so that it can provide homeownership opportunities to income-qualified households and that the equity I will be able to build in my home will be limited so that the Program is available to the next purchaser of my home. I understand that my ability to purchase my home at an affordable price is contingent upon my agreement to comply with the resale controls and Program restrictions as provided in the Buyer's Agreement and Attachment A.

PROPERTY ADDRESS: \_\_\_\_\_

PARCEL NUMBER: \_\_\_\_\_

Buyer Name: \_\_\_\_\_  
Print Name

Buyer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Buyer Name: \_\_\_\_\_  
Print Name

Buyer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## **Buyer's Resale and Program Restrictions**

### **Continued Household Eligibility After Purchase**

Affordable Deed Restricted Units shall be occupied by the owner at all times and shall not be rented. The Program Operator will annually verify that the owner of record continues to live in the Unit. Between January 1 and January 15 of each year during the term of the Deed Restriction specified in the Buyer's Agreement the Program Operator will request documentation verifying that the owner of record is the true resident of the deed restricted unit. Valid documentation of residency will include, but will not be limited to, utility bills, phone bills, and verification forms provided to the family by the Program Operator.

### **Recapture Upon Resale Provisions**

In accordance with the terms of the Buyer's Agreement, the Deed Restricted Affordable Unit shall only be sold to an Eligible Buyer at an Affordable Purchase Price . If the Unit is sold, the County is entitled to receive payment out of the proceeds of the sale (called equity recapture).

The recapture provisions shall remain in effect for the term of the Deed Restriction, as stated in the Buyer's Agreement executed at the time of escrow; the owner is obligated to the terms of equity recapture during this period.

The amount of equity recaptured at the time of sale will be determined based on the years the current owner has owned the residence and whether the unit was sold to an income qualified household at an affordable purchase price or at the current market rate. The percentage of profit to be allocated to the owner is outlined in the Buyer's Agreement. For households of more than one owner the equity recapture will be determined separately for each owner in accordance with their interest in the residence.

A recapture amount will not be paid in the event that title is transferred to a spouse or former spouse as a result of divorce or death. The owner remaining on title under these circumstances will be held to the terms of the original recapture provisions as stated in the Buyer's Agreement executed at the original closing date.

Any transfer of title before the term of the Deed Restriction that is not in compliance with the Program restrictions and procedures shall prompt the recapture provisions, unless that party receiving title is income eligible and qualifies themselves with the Program Operator. Addition of a party to a deed will trigger recapture unless the additional party is related to the owner through marriage or registered domestic partnership.

The Buyer's Agreement, as recorded against the affordable property contains the following restrictions:

1. After the initial sale of the Deed Restricted Unit at a price Affordable to the target income level group, the Deed Restricted Unit shall remain Affordable to subsequent Eligible Buyers for a period of not less than twenty (20) years. Subsequent owners are not required to be first-time home buyers.

2. During the twenty (20) year period following recording of the Buyer's Agreement, the Deed Restricted Unit shall only be sold by the initial owner and any subsequent owner at the Affordable Purchase Price applicable to the targeted income group to be calculated at the time of offering the Unit for resale. Prior to offering the Unit for sale, the owner shall notify the County in writing at the address specified in the Buyer's Agreement and shall include in the notice a) the owner's intention to sell; b) the address of the property; c) date of original purchase by owner; and d) original purchase price. After receiving written notice of owner's intent to sell, the County will determine the Affordable Purchase Price. Within 30 days after receipt of owner's written notice of intent to sell described in this paragraph, County will respond in writing to owner stating its intent with respect to the proposed resale of the unit.
3. If the County does not opt to purchase the Unit as described above and the owner of the Deed Restricted Unit is unable to sell the Unit to an Eligible Buyer within sixty (60) days of a good faith offering and advertising the unit for sale, the owner may offer to sell the unit to the County or its assignee at the Affordable Purchase Price calculated at the time of making the offer. If the County or its assignee does not complete the purchase of the Unit within ninety (90) days of the owner's offer of sale to the County, the resale obligations stated in the Buyer's Agreement shall terminate; however, the provisions of this section and the Developer's Agreement relating to recapture upon sale shall continue to apply and remain in full force and effect. The termination of resale provisions is conditioned upon offering the Unit for sale to the county as specified in this section.
4. If the Deed Restricted Unit does not sell within sixty (60) days of a good faith offering and advertising the unit for sale and if the County does not acquire the Deed Restricted Unit as specified above, the Unit may be sold at the current market price, and the seller shall pay to the County all proceeds from the sale of the Unit less a percentage of profit, if any, as provided in this section (this requirement is referred to as "equity recapture"). For purposes of this section, profit is defined as the net proceeds from the sale after deducting loan(s), ordinary expenses attributed to the seller, including real estate commissions not to exceed six percent (6%), and after deducting the current Affordable Purchase Price calculated at the time of resale. If the owner has made improvements to the home, profit shall be determined by deducting the adjusted value of the home, or the current Affordable Purchase Price, whichever is higher. The percentage of profit retained by the owner shall vary according to the number of years an owner owns the residential Unit.

### **Owner Refinancing**

To protect its investment and to preserve the intent of the Program, the Program Operator must approve all refinancing agreements. Any loans or advances on loans secured by the affordable unit, other than purchase money loans, shall be deemed subordinate in all respects to the Buyer's Agreement, including, without limitation, the Programs' recapture rights as provided above. Owner's ability to refinance will be limited to refinancing a first mortgage for the purpose of reducing housing costs, such as a loan to reduce the interest rate or the removal of mortgage insurance.

Refinance loans must have a fixed interest rate and a term of no less than thirty (30) years. The Program will only subordinate when there is no cash out as part of the refinance. Cash out will include additional charges on the transaction above the loan and escrow closing fees. Refinancing and cashing out for third party debt payoffs will not be permitted, nor will additional encumbrances on the property. Second mortgages or equity lines will also not be permitted.

To receive approval for subordination, the homeowner must submit a letter to the Program Operator, at the address provided below, requesting approval. The letter must include:

1. Property address
2. Contact information for the lender
3. The new loan terms and amount
4. An explanation for refinancing

The Program Operator will submit the request to the Loan Review Committee for review and will respond in writing to the homeowner following the review process.

All correspondence to the Program Operator should be sent to:

El Dorado County  
Department of Human Services  
Housing Programs  
937 Spring Street  
Placerville, CA 95667  
Attn: Affordable Housing Programs