

WASHINGTON STATE HOUSING FINANCE COMMISSION

HOMEBUYER RESALE AGREEMENT

This Agreement regarding homebuyer assistance, dated as of _____ (the "Agreement"), is made and entered into by and between the Washington State Housing Finance Commission ("Commission") as subrecipient of funds provided by the City of Bellingham ("City"), a Whatcom County, Washington, municipal corporation; and _____, ("Borrower").

Property Address: _____

I. Definitions

- A. "Agreement" means a document to comply with the regulations at 24 CFR Section 92.254 and/or the City of Bellingham 2012 Housing Levy.
- B. "City Funds" means funds derived from the federal grants to the City under HOME, including program income as defined in HUD regulations for HOME; funds derived from the Community Development Block Grant program ("CDBG"), including program income as defined in HUD regulations for CDBG; and/or funds derived from the Bellingham 2012 Housing Levy ("Levy").
- C. "Deed of Trust" means a deed of trust securing a lien on the property.
- D. "Eligible Homebuyer" means
 - (i) any individual, or individual and his or her spouse/partner who currently do not own a home; and
 - (ii) who will reside in the purchased property as their primary residence who sign the Deed of Trust, related Promissory Note and other documents required for a Second Mortgage; and
 - (iii) who have completed a Homebuyer Education Program, completed the One-to-One Pre-Purchase Housing Counseling from an Approved Housing Counseling Agency and has scheduled and agreed to attend One-on-One Post-Purchase Housing Counseling; and
 - (iv) whose Household has an Annual Income (as of the date of signing the purchase agreement in the case of new home being constructed, or as of the date of purchase in the case of an existing home) that does not exceed the lesser of:
 - a. household income must be at, or under 80% of the Whatcom County area median income, adjusted for household size based on the WSHFC Tax Credit and Bond Financed properties limits.
 - b. the maximum income level permitted by federal regulations applicable to loans of HOME Funds for home buyer assistance or HOME income limits.
- E. "Household" means one or more persons occupying a housing unit.
- F. "HOME" means the federal HOME Investment Partnerships Act Program.
- G. "HOME Funds" means funds derived from the federal grants to the City under HOME, including program income as defined in HUD regulations for HOME.

- H. "HUD" means the United States Department of Housing and Urban Development or any successor to its functions.
- I. "Loan Documents" means, with respect to any loan, each original document evidencing or securing the loan (or any part thereof), and all documents incidental or collateral to the loan, including without limitation, the note or notes evidencing the loan, the deed of trust, each guarantee securing the loan, all applications, loan commitments, reports, security and loan agreements, disclosure statements, appraisals, loan settlement statements, title evidence, title insurance, hazard insurance, flood liability insurance, and all other insurance policies and any assignments thereof, correspondence applicable to the loan, and all other documents relating to the loan, all as the same may be amended, and all such documents or instruments subsequently executed and delivered.
- J. "Modest Housing" means housing with a purchase price that does not exceed 95% of the median value of owner-occupied homes as provided to the Commission from the City..
- K. "Net Proceeds" Net Proceeds shall be calculated as either:
1. the gross sales price of the Property less any debt senior to this Loan; and actual and reasonable costs of sale paid by the Seller including; real estate commissions, real property excise tax paid by the Seller, escrow fees, recording fees, reasonable attorneys' fees, title insurance, and title insurance premiums, paid by the Seller; or, at the option of the Holder
 2. the value of the Property at the time of the Occurrence as determined by an appraiser chosen by Holder less any debt senior to this Loan; and actual and reasonable costs of sale paid by the Seller including, real property excise tax paid by the Seller, escrow fees, recording fees, reasonable attorneys' fees, title insurance, and title insurance premiums, paid by the Seller.

II. Agreement

This Agreement between the Commission and the Borrower identifies the requirements pursuant to the Agreement between the Commission and the City to provide down payment assistance to the Borrower to purchase a residence ("Home") within the City. The funds provided for the purchase of the Qualifying Home may be comprised of HOME Funds in an amount up to \$40,000.

Therefore, and as a condition to participation in that program Borrower makes the following additional covenants, representations and warranties:

A. Use of City Funds

1. City Funds as Loan. Borrower understands that the City Funds, including any HOME Funds, are provided as a loan. Specific loan terms are outlined in the Promissory Note and Deed of Trust.

2. Use of Loan Proceeds; Purchase Price. Borrower agrees that the City Funds shall be used solely to pay down payment or closing costs of a Home. Borrower represents and warrants that:
 - a. Borrower is purchasing the Home in good faith for use as the principal residence of Borrower;
 - b. Borrower does not have any arrangement or understanding involving the intended resale, lease, or other transfer of the Home by Borrower; and
 - c. The total purchase price of the Home is \$_____ and does not exceed the maximum purchase price limit of \$285,475.
3. Deadline for Completion of Purchase and Occupancy. Borrower agrees that the Home purchase funded in part with City Funds be completed no later than 60 days after the date of this Agreement, and that the jurisdiction shall have no obligation to make any disbursement if the purchase is not completed by that date. Borrower shall occupy the Home as Borrower's principal residence no later than 60 days after the date of the Deed of Trust.

B. Affordability Restrictions

1. Affordability Period. Borrower understands the affordability period of this Resale Agreement shall begin on the date of signing of this agreement and shall end [if HOME or CDBG funds, then choose: ten years and thirty days; if Levy funds, choose: fifty years] from the date of recording the Deed of Trust.
2. Property Value. Borrower agrees that the value of the Home, as determined by appraisal completed not more than 60 days from the date of this agreement is \$_____.
3. Borrower Principal Residence. Borrower understands that funds are provided under a City down payment assistance program. Borrower understands the intent of the program is to provide assistance to the eligible homebuyers only so long as it is their principal residence, and no temporary or permanent sublease or rent is allowable, whether payment for such sublease or rent is received by the Borrower or not.
4. Resale Provisions. Borrower agrees that the City provided financial assistance subject to a Covenant that restricts resale. During the Affordability period, the Home shall meet the following criteria:
 - a. The Home must be made available for subsequent purchase only to an Eligible Homebuyer. The Commission or City must verify and qualify the subsequent buyer as an Eligible Homebuyer.
 - b. In addition to the requirement to sell to an Eligible Homebuyer, the Home must remain affordable to a reasonable range of Eligible Homebuyers. The affordable price includes housing cost for mortgage principal, interest, taxes and insurance of not more than 35% of the gross monthly income for a household between 50% and 80% of the area median income for Bellingham, Washington.
 - c. Borrower's which sell City-assisted housing are provided a fair return on their investment, while ensuring that the home is sold to another income qualified

household. Fair return on investment means the Borrower that sells its Home will receive:

- i. The cash down payment paid by Borrower used to acquire the Home, plus any additional investment paid by Borrower which is credited to principal on another mortgage on the Home.
- ii. *The value of any credit-eligible capital improvements:* For the purpose of obtaining credit under this section, only the addition of livable space (bedroom, bathroom, finished basement, finished attic space, porch or deck, the addition of a garage (either attached or detached)) shall be considered a Qualified Capital Improvement. In order to receive credit for a Qualified Capital Improvement, and prior to commencing construction, the Borrower must submit to the ground leaseholder ("KulshanCLT"): a) detailed plans for the proposed construction; b) an itemization of the expected costs for the proposed construction; and c) copies of any permits required by law for the proposed construction. An agreement must be reached between the Borrower and KulshanCLT regarding the scope of the proposed construction and a reasonable timeframe within which construction should be completed. The final decision regarding this agreement will be made by the KulshanCLT Board of Trustees or its designee. In reaching the decision, KulshanCLT will consider, among other issues, the future affordability of the improvements. Said agreement must be signed, duly notarized and shall become a legal attachment to the lease between the Borrower and KulshanCLT. Except for Capital Systems Replacement, all other construction shall be considered maintenance rather than capital improvement and the cost of such other construction shall not be eligible for credit under this section. Provided all conditions of this paragraph and the agreement between KulshanCLT and Borrower described herein are met, 50% of the cost of the qualified Capital Improvement, as agreed upon by the KulshanCLT and Borrower, not including any costs which were or could have been paid with insurance proceeds, shall qualify for the Capital Improvement Credit.
- iii. *The value of any credit-eligible capital systems replacement:* For the purpose of qualifying as a Capital Systems Replacement the roof, plumbing (excluding fixtures), foundation, electrical (excluding fixtures), heating, sewer line, insulation, or windows, shall be considered Capital Systems if at least fifty percent (50%) of the Capital System is replaced and the new Capital System has an expected life-span of at least 30 (thirty) years. The addition of alternative energy production system(s) shall qualify for credit under this passage. In order to receive a credit for Capital Systems Replacement, Borrower must consult with KulshanCLT prior to replacing a Capital System and agreement must be reached between Borrower and KulshanCLT regarding the scope and cost of the proposed Replacement. The intention of this credit is to encourage and create incentives for homeowners to maintain the functionality of these systems and to increase the quality of energy efficiency, durability and ease of maintenance over time while simultaneously maintaining affordability. Provided all conditions of this paragraph and the agreement between KulshanCLT and Borrower described herein are met, the following payment schedule shall apply:

# of Years Between Capital System Replacement & Sale			
	<10 Years	Between 10 – 20 Years	More than 20 Years
% of Cost to be Credited	100%	50%	0%

Any costs that were or could have been paid with insurance proceeds, shall not qualify for the Capital Improvement Credit. The final decision regarding this agreement will be made by the KulshanCLT Board of Trustees or its designee. Borrower shall be responsible for obtaining any permits required by law for a proposed Replacement and furnish such permits to the KulshanCLT.

Replacement of less than fifty percent (50%) of any Capital System will be considered repair and the cost of such a repair will not be eligible for credit under this section.

- d. The Borrower shall notify the City prior to offering the Home for sale. The Borrower will need to provide the City with documentation that determines the Borrower's fair return on investment. Within 30-days, the City shall provide a written response to the Borrower's fair return on investment documentation and will set the range of prices for Resale to ensure affordability to a reasonable range of Eligible Homebuyers. The Home may be subject to other Resale restrictions, provided that the Borrower is assured of the fair return on investment.
- e. Subsequent purchasers may be eligible for financial assistance provided by the City to the Borrower.

III. Additional Agreement

The provisions stated above are in addition to those contained within the Loan Documents and do not in any way abrogate _____'s rights contained within the Loan Documents.

IV. Enforcement Responsibility

The Borrower acknowledges that the City funds are being provided by the City, and that as the administrator and provider of such funds, the City has overall responsibility for the enforcement of federal regulations, if applicable, and for the collection of funds due under this Agreement.

Executed this _____ day of _____, 20_____.

BORROWER(S):

Signature

Signature

