

**Affidavit for HHFDC
DURF Equity Pilot (“DEP”) Program**
(For HHFDC Affordable Projects)

Approved Affordable Buyer(s): Please print.

Primary Applicant: _____

Spouse or Co-applicant, if any: _____

Sign this Affidavit in front of a Notary Public.

This affidavit must be personally executed by the Applicant and Co-buyer, if any, who is applying to purchase a residential unit offered under the DEP Program and shall not be executed by an attorney-in-fact.

State of Hawai‘i)
) SS.
County of _____)

For HHFDC Use Only

☐ Applicant **IS** an Eligible Buyer

☐ Applicant IS **NOT** an Eligible Buyer

☐ Co-buyer, ☐ **IS** ☐ **is NOT** an Eligible Buyer

❖ Unit Selection Date

❖ Unit Contract Date

❖ Unit No.

(Print FULL Name, no initials)

A. _____
DEP program Applicant (Proposed Eligible Buyer)

B. _____

If applicable, Co-buyer is a ☐ Spouse or ☐ Co-applicant **and** ☐ **IS** ☐ **is NOT**, a DEP program applicant (proposed eligible buyer).

Physical Residence Address: _____
(Please PRINT)

City, State, Zip Code

Mailing Address: ☐ ← check, if address is, Same as Above

Complete, if different from Residence Address, include City, State, Zip Code

Applicant Best Phone No.: _____

Applicant Email: _____

- C. The following to be completed by the DEP program Applicant and Co-DEP buyer, if any who is purchasing an affordable unit with the applicant named in section A above.

ELIGIBILITY REQUIREMENTS		APPLICANT (A)	Co-DEP buyer, if any
1)	Do you own any real property? If YES, you are ineligible for the DEP program.	Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
2)	Are you receiving gift funds? If YES, you are ineligible for the DEP program.	Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
3)	Are you currently working in a profession facing a shortage? If YES, check your profession →	Y <input type="checkbox"/> N <input type="checkbox"/> <input type="checkbox"/> HEALTHCARE <input type="checkbox"/> EDUCATORS <input type="checkbox"/> LAW ENFORCEMENT <input type="checkbox"/> STAFF AT CORRECTIONAL FACILITIES <input type="checkbox"/> AGRICULTURAL FIELD WORKER <input type="checkbox"/> HONOLULU COUNTY SPECIFIC PROFESSIONS (EMT, water safety officer, construction inspector and victim's witness counselor)	Y <input type="checkbox"/> N <input type="checkbox"/> <input type="checkbox"/> HEALTHCARE <input type="checkbox"/> EDUCATORS <input type="checkbox"/> LAW ENFORCEMENT <input type="checkbox"/> STAFF AT CORRECTIONAL FACILITIES <input type="checkbox"/> AGRICULTURAL FIELD WORKER <input type="checkbox"/> HONOLULU COUNTY SPECIFIC PROFESSIONS (EMT, water safety officer, construction inspector and victim's witness counselor)
4)	What is your official title? <i>If not included on your paystub</i> , complete and attach the DEP Verification of Employment form at the end of this DEP Affidavit.		

D. The Applicant submits this affidavit to purchase an affordable unit offered under HHFDC's DEP Program as set forth in Chapter 15-309, HAR and agree to the following requirements:

1. If approved, I may select a unit within my prequalified loan amount, including the corporation's equity.
2. The corporation may purchase equity in for-sale housing development projects. The corporation's equity shall be allocated to specific units within the project. The price to be paid by each eligible buyer of a unit shall be reduced by the corporation's equity amount for that unit.
 - a. **Corporation's equity** means the difference between the original cost of the unit and the price of the unit paid by the qualified purchaser.

- b. **Eligible buyer** means an applicant who: (1) owns no other real property; (2) receives no gift funds for purchase of the unit; (3) works in a profession that is facing a shortage as determined by the corporation, including health care workers, educators, law enforcement officers, staff at correctional facilities, and agricultural field workers; and if applicable, (4) meets the eligibility requirements set forth in section 15-308-22, HAR.
3. The corporation may charge an *interest rate* ¹ on the corporation's equity which shall be stated in the agreement with the qualified purchaser.
 - a. **Interest rate** ¹ means the fixed rate charged on the corporation's equity at one per cent per year, unless otherwise indicated in the qualified purchaser's program agreement.
 - b. **Qualified purchaser** means an eligible buyer who meets the criteria of the program for which an affidavit is submitted and has entered into a purchase contract and program agreement.
4. The qualified purchaser shall pay a percentage share of the corporation's equity amount.
 - a. **Corporation's equity percentage** share means the percentage determined as: the corporation's equity divided by the *value (fair market value by appraisal)* ², excluding any options or upgrades, and established prior to closing the purchase of the unit, rounded to the nearest one per cent.
5. The qualified purchaser shall repay the corporation's equity, *accrued interest* ¹, if any and the corporation's equity percentage share upon the earliest of the following:
 - a. At any time after financial closing of the purchased unit at the qualified purchaser's option;
 - b. Upon sale, transfer of title, refinance or additional financing, non-owner occupancy, rental of any part of the unit, or failure to reoccupy the unit at the end of a temporary waiver period; or
 - c. Prior to expiration of the 30th year from the qualified purchaser's date of closing the purchased unit.
6. Payments made shall be applied in the following order of priority:
 - a. *Accrued interest* ¹;
 - b. Corporation's equity percentage share, if any; and
 - c. Corporation's equity.
7. Payments not paid when due shall be subject to *additional* ³ interest on the corporation's equity share at the simple annual rate of 10% per year until paid. The corporation reserves the right to pursue all legal remedies to recapture the funds awarded or other actions deemed necessary.
8. Payment of the corporation's equity, *interest* ¹ and equity share, if any shall be the sum of the following. Refer to the attached Exhibit A for an illustration.

¹ HHFDC intends to remove the interest/interest rate charged on the corporation's equity to meet current Fannie Mae lending guidelines; except in the event of default in #7 below. Refer to the attached Exhibit A for a list of all intended modifications.

² Determination of the corporation's equity share shall be calculated on the amount of the developer's original purchase price, (before HHFDC's equity is applied). Refer to Exhibit A.

³ Default interest on payment not made when due is permitted under Fannie Mae guidelines. For clarification purposes, 'additional' will be deleted confirming no interest on the equity will be charged; except when payment is not made when due.

- a. The corporation's equity *plus simple interest*⁴ at the rate specified in the purchaser's program agreement; and
 - b. The *net appreciation*⁴ on the corporation's equity calculated as the *current value*⁴ of the unit, minus the *original value*⁴ of the unit and multiplied by the corporation's equity percentage share, as specified in the purchaser's program agreement.
9. I will maintain the eligibility requirements of the DEP program through the closing of the purchase and will update the affidavit approximately 180-days prior to closing the purchase and/or as requested by the HHFDC in its sole discretion ("recertification").
- a. If recertification is approved, the qualified purchaser shall execute the corporation's program agreement to timely close on unit purchased.
 - b. If recertification is disapproved, this affidavit will be automatically null and void, unless the co-buyer, if any, is an eligible buyer under the DEP program and will be the primary applicant.
 - c. If elected, continued purchase as a qualified resident under Chapter 201H, HRS may be permitted at the developer's sales price, subject to the developer and the corporation's review and approval. If approved, an amendment to the contract will be required (without 30-day rescission).

E. I, the Applicant under the DEP program Affidavit, being first duly sworn on oath, hereby deposes and says:

1. The information in and attached to this affidavit are true and supports my participation in the DEP program.
2. I am an "eligible buyer" as defined in section 15-309-2, Hawaii Administrative Rules ("HAR") and meet all of the following requirements:
 - a. I do not own any real property;
 - b. I have not and am not receiving any gift funds for purchase of a unit in the Project; and
 - c. I work in a profession that is facing a shortage determined and defined by the Hawaii Housing Finance and Development Corporation ("HHFDC" or "Corporation") including healthcare, education, law enforcement and agricultural field workers.
3. I am a "qualified resident" as defined in section 201H-32, Hawaii Revised Statutes ("HRS") and meet all of the following requirements:
 - a. I am a citizen of the United States or a resident alien;
 - b. I am at least eighteen years of age;
 - c. I am domiciled in the State of Hawaii;
 - d. I will physically reside in the Unit to be purchased; and
 - e. I am prequalified for a mortgage loan to purchase a unit in the Project as evidenced by a DEP program prequalification letter from a preferred Project lender.
4. I will maintain the eligibility requirements of the DEP program through the closing of the purchase and will update the affidavit approximately 180-days prior to closing the purchase and/or as requested by the HHFDC in its sole discretion ("recertification").

⁴ Net appreciation will be calculated based on (i) the owner's intended payment in advance of a sale, or (ii) upon sale of the property. Refer to Exhibit A.

- a. If recertification is approved, the qualified purchaser shall execute the corporation's program agreement to timely close on unit purchased.
- b. If recertification is disapproved, this affidavit will be automatically null and void, unless the co-buyer, if any, is an eligible buyer under the DEP program and will be the primary applicant.
- c. If elected, continued purchase as a qualified resident under Chapter 201H, HRS may be permitted at the developer's sales price, subject to the developer and the corporation's review and approval. If approved, an amendment to the contract will be required (without 30-day rescission).

F. The Applicant and Co-buyer, if any named in this Affidavit, being first duly sworn on oath, hereby deposes and says, I/We:

1. shall occupy the purchased unit as the primary residence at all times until such time the corporation's equity, *interest* and equity percentage share is paid in full, except in hardship cases where the inability to reside on the property arises out of unforeseeable circumstances as determined by the corporation and a temporary waiver of the owner occupancy requirements is granted by the corporation.
2. shall not transfer title to a co-buyer, child, parent, sibling or inter vivos trust, unless the corporation's equity, *interest* and equity percentage share are paid in full prior to the transfer.
3. understand that the corporation shall have the right to charge reasonable non-refundable fees for administrative expenses to process the required real estate documents under the chapter.
4. shall continue to observe, perform, and comply with all of the covenants, conditions, and restrictions pertaining to the ownership, use, occupancy, repayment and transfer of the unit during the term of the DEP program agreement.
5. understand that non-compliance of the DEP program shall be sufficient reason for HHFDC, at its option, to demand payment, correction within 60 calendar days from date of notification, apply a penalty, or pursue legal remedies to recapture the DEP program funds.

I/We, the undersigned Applicant and Co-buyer, if any named in this Affidavit have read, understand and agree with the statements made in this affidavit. By signing the affidavit, I/we certify that the information provided is complete and accurate and if found to have willfully submitted false information, made misstatements, or withheld important information relied upon to determine eligibility to participate in the DEP program, shall be deemed to be ineligible; provided that the corporation shall not waive its right to pursue any other recourse available to the HHFDC.

Sign before a notary public.

Applicant

Co-buyer, if any

This ____ - page Affidavit for the DURF Equity
Pilot (DEP) Program

was subscribed and sworn to before me this

____ day of _____

by (signor's name) _____

Notary Name: _____

Notary Public, ____ Judicial Circuit, State of Hawaii

My commission expires: _____

Doc. Date: _____ #Pages: _____

Notary Name: _____ Circuit

Doc. Description: Affidavit for the DURF Equity Pilot (DEP)
Program for _____

Notary Signature _____

Date _____

(Stamp or Seal)

NOTARY CERTIFICATION

EXHIBIT A – DEP PROGRAM AFFIDAVIT DISCLOSURE OF INTENDED MODIFICATIONS

The HHFDC has received notice that the following provisions contained in this Affidavit currently do not meet Fannie Mae guidelines. The HHFDC intends to modify the respective provisions to meet Fannie Mae mortgage requirements by amending the current administrative rules. An addendum reflecting the modified and approved administrative rules will be issued for review and acceptance by the qualified purchaser, at a later date.

- 1 – Interest (deferred or otherwise) is not permitted, except in cases of a default then interest on the overdue principal or share in appreciation, may be applicable (refer to section D.7).
- 2 – The method of calculating the HHFDC's equity percentage ("standard percentage") is derived by dividing the (A) corporation's equity amount by the (B) developer's original sales price.

DEP Program - Determination of HHFDC's Equity Percent

A. HHFDC's Equity Amount	103,300	
B. Divided by Developer's Original Sales Price	626,700	0.1648
HHFDC Percent Share in the Equity Amount	16%	

- 3 – "Additional" is being removed to confirm the only interest that may be charged is because of non-payment of the HHFDC equity share when due and payable.
- 4 – The method of calculating future net appreciation on HHFDC's equity amount is based only on the following:

In the event of a SALE,

a.) Owner's SALES PRICE, in year 11 at 3% per year (rounded)	833,500
b.) MINUS – the developer's original sales price	(626,700)
c.) EQUALS – Net Appreciation	206,800
d.) MULTIPLIED BY HHFDC equity share of 16%	33,088

In the event of a REFINANCE, TRANSFER or NON-OWNER OCCUPANCY

1) Property Value by <i>fair market value appraisal</i> in year 3	750,000
2) MINUS – the developer's original sales price	(626,700)
3) EQUALS – Net Appreciation	123,300
4) MULTIPLIED BY HHFDC equity share of 16%	19,728

The following attached documents are provided for your completion, if applicable and required to submit a complete Affidavit for the Project.

1. HHFDC DEP Program Prequalification Letter Template;
2. Request for Verification of Employment (“VOE Form”)

Request for Verification of Employment (VOE FORM)
HHFDC DURF Equity Pilot ("DEP") Program

DEP Applicant Name: _____

Privacy Act Notice: This information shall be used by the Hawaii Housing Finance and Development Corporation ("HHFDC") to determine the applicant's eligibility as a prospective buyer under Chapter 15-309, Hawaii Administrative Rules ("HAR"). **You do not have to give us this information, however, the applicant's affidavit for approval as a prospective participant may be rejected. Refer to the DEP Program Affidavit for detailed information. Upon HHFDC receipt, the required information as permitted by the HAR, as may be amended, will be deemed confidential and used only for purposes of qualifying under the HHFDC DEP Program.**

A. EMPLOYEE: The employee named below,

- (i) Is applying to purchase a dwelling unit offered under the HHFDC DEP program;
- (ii) Authorizes the Employer named below to provide the information requested including title and position, to HHFDC for purposes of qualifying to participate in HHFDC's Affordable Sales and DEP programs;
- (iii) Has completed the following for use by the Employer.

EMPLOYEE Name:(Print) _____

(Signature) _____

Residence Address _____ Zip _____

Best Tel. No. _____ Best time to Contact _____

Who is your EMPLOYER? _____

B. NOTICE TO EMPLOYER: The employee identified in section A., is an **Applicant required to provide employment title/position information** for purposes of participating in the HHFDC DEP program.

Employer Name: _____

Address: _____

Employee's Present Title and/or Position

Employee No., if any

Date of Employment _____

Likelihood of Continued Employment ☐ YES ☐ NO

Average hours worked per week: Currently _____; Past year _____

Certification: State statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy proposed to influence the approval of the HHFDC. The undersigned is a representative of the Employer authorized to provide employment information for the above-named Employee; or is employed by the Employer in the capacity to provide such information (e.g. payroll department).

Legal Name of Employer: _____

Signature Title Date

Preparer's Name (Print): _____ Phone No. _____

EMPLOYER – RETURN COMPLETED FORM TO EMPLOYEE