

EASTSIDE TAD AFFORDABLE HOUSING PURCHASE PROGRAM FACT SHEET

Eastside TAD Affordable Housing Purchase Program

- A minimum of 20% of the for-sale housing units (the “Purchased Unit”) in projects that receive Eastside Tax Allocation District (“TAD”) funding will be sold to qualified buyers (as described below) (the “Qualified Buyer”) at an affordable price
- Public Subsidy/Buy-Down (the “Buy-Down”) is equal to the difference between the market price (as determined by a third party appraisal acceptable to The Atlanta Development Authority (“ADA”) and the affordable price for the Purchased Unit, outlined below:

	Maximum Sales Price
1 Bedroom	\$144,000
2 Bedroom	\$155,000

- A lien on the Purchased Unit in the amount of the Buy-Down secured by a mortgage on the Purchased Unit subordinate to the mortgage held by entity providing the financing (the “Loan”) for the purchase of the Purchased Unit (the “Lender”)
- Buy-Down is paid to ADA or its designee (“ADA/Trust”) upon sale, transfer or refinancing of the Purchased Unit or when the Qualified Buyer no longer occupies the Purchased Unit as his/her principal residence
- The Qualified Buyer will not be permitted to obtain a home equity loan using the Purchased Unit as collateral unless the Buy-Down is paid to ADA/Trust
- The Qualified Buyer can only refinance with a rate-term refinance (no cash-out refinancing is permitted)
- Only 30-year fixed-rate mortgages are permitted on Purchased Units (subject to annual review and approval by ADA)
- All documentation associated with the Loan must be approved by the Atlanta Development Authority (“ADA”)
- Upon the sale of the Purchased Unit, sale proceeds will be distributed in the following order:
 - Payment of the Loan
 - Repayment of other deferred loan, if applicable
 - Payment of Buy-Down amount to ADA/Trust
 - Remainder to Qualified Buyer
- In the event of death, if the Purchased Unit is transferred to an individual or family whose income exceeds the following limits, the Buy-Down must be repaid in full to ADA/Trust:

<u>Location of Purchased Unit</u>	<u>Three or Fewer People per Household</u>	<u>More than Three People per Household</u>
Oakland Park/Tribute Lofts	100% of AMI*	115% of AMI
All others	120% of AMI	140% of AMI

* Atlanta metropolitan statistical area median income

Eligibility Requirements:

- Qualified Buyer must have an annual gross household income that does not exceed 80% of the Atlanta metropolitan statistical area median income level as defined by the U.S. Department of Housing and Urban Development. The income limits for 2005 are as follows:

<u>Household Size</u>	<u>Income Limit</u>
1 Person	\$39,850
2 Person	\$45,550
3 Person	\$51,250
4 Person	\$56,950
5 Person	\$61,500

- The Purchased Unit must be the Qualified Buyer's principal residence
- Qualified Buyer must contribute a minimum of \$1,500 of their funds towards closing costs for the Loan or a down payment for the Purchased Unit (the source of these funds cannot be a grant, loan or gift from a third party)
- Qualified Buyer must sign Acknowledgment of the Buy-Down which will include certain covenants related to the Buy-Down
- Qualified Buyer must attend and receive a certificate from an ADA approved homebuyer training session prior to closing the loan with the Lender
- Lender must be approved by ADA (**If developer would like to include additional lenders on this list, the lender must submit an application and attend a lender training session.*)
- If the Purchased Unit is a part of the Oakland Park (563 Memorial Drive) or Tribute Lofts (480 John Wesley Dobbs Avenue) projects, the Qualified Buyer must be a first-time homebuyer or not have owned a home that was their principal residence within the past three years.
- If the Purchased Unit is a part of the Oakland Park (563 Memorial Drive) or Tribute Lofts (480 John Wesley Dobbs Avenue) projects, the market price for each Purchased Unit may not exceed \$269,887. Otherwise, the market price for the Purchased Unit may not exceed \$329,862.

Eligible Properties:

- Single-family detached homes, townhouses and condominiums within the Eastside TAD

Developer Participation

- Developer will do or use its best efforts to cause the following to happen:
 - Developer and the Qualified Buyer will negotiate the terms for the purchase of the condominium unit or house
 - Developer and ADA/Trust will enter into a sales contract, reflecting the subsidized sales price, incorporating the terms agreed to between the Qualified Buyer and Developer

- ADA/Trust will assign the sales contract to the Qualified Buyer
 - As consideration for the assignment of the sales contract, the Qualified Buyer will give ADA/Trust a recourse promissory note secured by a junior deed to secure debt encumbering the Purchased Unit
- Developer will use its best efforts to cause the Qualified Buyer to submit to ADA the documentation required by ADA in connection with qualification for the Eastside TAD Affordable Housing Program, including, but not limited to, the following:
 - Submission Package Checklist
 - Lender Approval Letter
 - Buy-Down Acknowledgement
 - Family Information Sheet
 - Qualified Buyer's Acknowledgement
 - First-Time Homebuyer Affidavit (if applicable)
 - Buy-Down Approval Transmittal

PROCESS FOR PARTICIPATION IN THE EASTSIDE TAD AFFORDABLE HOUSING PURCHASE PROGRAM

Step 1: Initial Customer Contact-Describe Program and Eligibility Requirements (SEE FACT SHEET)
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Step 2: Loan Application and Processing
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1. The Lender* pre-qualifies the Qualified Buyer for the Loan.
2. Once Qualified Buyer has executed the sales contract for the Purchased Unit, the Primary Lender verifies the eligibility of the Purchased Unit for the Eastside TAD Affordable Housing Program by contacting Staci Tillman, ADA's Asset Management Officer, at (404) 614-8296. ADA will fax the Property Eligibility Confirmation (Exhibit A) to the Lender.
3. Qualified Buyer submits a formal loan application for the Loan. PLEASE NOTE: The Details of Purchase section of the loan application must show ADA and the requested Buy-Down amount on the subordinated financing line. Also, the question in the Declaration Section of the loan application "Is any part of the down-payment borrowed?" must be marked "Yes".
4. The Lender informs the Qualified Buyer that they are required to attend an ADA approved free Homebuyers Seminar and provide a certificate of attendance prior to the Lender submitting the loan to its Underwriting Department.

Step 3: Submission

1. Lender submits the loan package for the Loan to the Primary Lender's Underwriting Department for review and approval.
2. Lender receives approval from of the Loan from its Underwriting Department.
3. Lender forwards Eastside TAD Affordable Housing Program Package (the "AHP Documents"), which will include the following documents, to ADA:
 - a. COMPLETED SUBMISSION PACKAGE CHECKLIST (Exhibit A)
 - b. Lender Approval Letter (signed by Underwriter) (Exhibit B)
 - c. Copy of Loan Application
 - d. Verification of Employment, last two pay-stubs, W-2's (for all eligible household members), copies of last two years federal tax returns, and profit and loss statements for self-employed Qualified Buyers.
 - e. Underwriter Approval Form
 - f. Loan Acknowledgement Form (Exhibit C)
 - g. Family Information Form (Exhibit D)
 - h. Homebuyers Training Seminar Acknowledgment (Exhibit E)
 - i. Copy of Homebuyers Training Certificate
 - j. First Time Homebuyer Affidavit (if applicable) (Exhibit F)
 - k. Copy of Executed Sales Contract
 - l. Copy of Appraisal Report
4. The AHP Documents should be forwarded to:

**Atlanta Development Authority
86 Pryor Street, S.W. Suite 300
Atlanta, Georgia 30303
Attn: Staci Tillman, Asset Management Officer
(404) 614-8296**

* See fact sheet for a description of capitalized terms.

5. The Primary Lender must allow ADA a minimum of 48 business hours to review the AHP Package.
6. ADA will review the AHP Documents and upon approval of the request for the Buy-Down, will forward to the Primary Lender a Buy-Down Approval Transmittal (Exhibit G) and copy of the Buy-Down Closing Instructions. (Exhibit I) (The Primary Lender contact to whom these documents should be forwarded must be specified in the Lender Approval Letter).

Step 4: Eastside TAD Affordable Housing Program Documents Issuance

Staci Tillman will inform the Primary Lender and the closing attorney's office that the Eastside TAD Affordable Housing Program closing instructions and closing documents are ready to be picked up from ADA.

Step 5: Loan Closing Procedures

1. The Primary Lender's loan closer must coordinate with the closing attorney's office to have the Eastside TAD Affordable Housing Program closing instructions and documents picked up from ADA.
2. The closing attorney must forward a DRAFT Settlement Statement to ADA prior to closing of the Loan for review. ADA must verify Qualified Buyer's contribution in the amount of \$1,500.00.
3. Loan Closing -The closing attorney forwards post-closing package to ADA at the address below:

**Atlanta Development Authority
86 Pryor Street, SW, Suite 300
Atlanta, Georgia 30303
Attn: Staci Tillman, Asset Management Officer**

4. The Eastside TAD Affordable Housing Program post-closing package must include the following:
 - a. Final Settlement Statement
 - b. Original Second Mortgage Note
 - c. Certified Copy of Second Mortgage Deed (original to be sent for recording)
 - d. Title Insurance Policy (Second Mortgage)
 - e. Final Truth-In-Lending Statement
 - f. Copy of homebuyers insurance policy showing [ADA/Trust] as the second lien holder
 - g. Copy of the Note and Deed related to the Primary Loan

The closing attorney must forward to the Primary Lender the first mortgage closing package, and a copy of the second mortgage closing package.