

WATERCOLORS HOME PURCHASE LOAN PROGRAM



La Quinta Housing Authority

Information Statement

The following outlines the general terms of the Silent Second provided for properties located in the Watercolors Development in La Quinta, California. Purchase of a property in this development is conditional on a number of factors, including, but not limited to:

- Buyer must be able to qualify for and obtain an appropriate mortgage loan to finance the purchase, and have **at least** a 3% down payment of buyer’s own funds and no more than 20% (which may include gift funds). **ALL CASH TRANSACTIONS ARE NOT PERMITTED THROUGH THIS PROGRAM.**
- Buyer must meet the income qualification criteria for a low or moderate-income household (income level is specific to the existing property) pursuant to the California Health and Safety Code Section 50105, 50079.5 and 50093.

The 2024 income limits for **low income** households would be households who would have combined gross incomes that fall within the range below.

	1 person	2 people	3 people	4 people
Not more than	57,400	65,600	73,800	82,000

- The 2024 income limits for **moderate income** households would be households who would have combined gross incomes that fall within the range below.

	1 person	2 people	3 people	4 people
Not less than	57,401	65,601	73,801	82,001
Not more than	81,900	93,600	105,300	117,000

- Buyer must qualify for participation under the terms of the existing Authority loan program.
- Buyer is required to occupy the purchased home as their principal residence.
- During the restriction period, Buyer will not rent or lease the home for any reason.
- Buyer will be responsible for repaying the first trust deed mortgage loan, and will make all payments in a timely manner and to keep the home lien free, or the Authority will have the right to repurchase or foreclose on the home in accordance with the promissory note, deed of trust, and affordable housing agreement.
- Buyer will not encumber, mortgage or allow the imposition of liens on the home without the prior, express written permission of the Authority.
- Buyer is precluded, during the restriction period (45-years), from selling the home to any person other than another low or moderate income-qualified buyer.

- The resale price to another income-qualified buyer will be restricted to a monthly affordable housing cost which will be determined in accordance with the promissory note, deed of trust, and affordable housing agreement.
- The principal and shared appreciation payments are deferred and shall be forgiven as long as the unit remains affordable to a low or moderate-income household for the term of the existing Authority loan.
- Buyer is at least 55 years of age or older and any person who will live reside at the Property will qualify as either a “Qualified Permanent Resident” or a “Permitted Health Care Resident” (as those terms are defined in Civil Code Sections 51.3(b)(3) and 51.3(b)(7)).
- **For low-income:** Buyer’s monthly payments for housing expenses (principal, interest, taxes, insurance, mortgage insurance, if applicable, \$230 HOA dues and \$75 utility allowance) may not more than 30% of 70% of the Riverside County median, as more specifically defined by Health and Safety Code Section 50052.5 and the Affordable Housing Cost Worksheet available from Authority. For 2-bedroom units, the maximum monthly housing expenses cannot exceed \$ 1,536; and for a 3-bedroom unit, the maximum monthly housing expenses cannot exceed \$1,706.
- **For moderate-income:** Buyer’s monthly payments for housing expenses (principal, interest, taxes, insurance, mortgage insurance, if applicable, \$230 HOA dues and \$75 utility allowance) may not be less than 28% of buyer’s gross income nor more than 35% times 110% of the Riverside County median, as more specifically defined by Health and Safety Code Section 50052.5 and the Affordable Housing Cost Worksheet available from Authority. For 2-bedroom units, the maximum monthly housing expenses cannot exceed \$2,815 and for 3-bedroom units, the maximum monthly housing expenses cannot exceed \$3,128
- The Authority will agree to subordinate to a refinancing of the first mortgage loan only under the provisions of the Authority loan with the following limitations:
 1. For not more than the then-current first mortgage loan balance (i.e. a straight refi to reduce your interest rate), or
 2. For a “cash-out” refinance where the new first loan does not exceed **the lesser of:** (1) the total of the new first mortgage plus the Authority loan up to seventy percent (70%) of the current appraised value of the property; (2) a mortgage amount that does not exceed a monthly affordable housing cost; or (3) an amount equal to the first mortgage balance plus closing costs plus \$25,000.
 3. The Authority loan MUST remain in 2nd position. Reverse mortgages, Home Equity Line of Credit loans, and 3rd Trust Deeds are not allowed under this program
- If an owner pays off the Authority loan during the 45-year term, the affordability covenants remain with the property for the full term requiring it to be sold to an income qualified household and with a limitation on the resale price.

PLEASE BE ADVISED THAT THE TERMS FOR THE PURCHASE OF A HOME IN THE WATERCOLORS DEVELOPMENT ARE DEPENDENT UPON THE EXISTING TERMS IN PLACE ON EACH INDIVIDUAL PROPERTY. FOR SPECIFIC INFORMATION ON A SPECIFIC PROPERTY, PLEASE CONTACT BECKY CAHA AT (760) 900-9668 OR cahabecky@gmail.com