

FREQUENTLY ASKED QUESTIONS – RESALE OF PROPERTY

Q. Can a buyer purchase a property for “ALL CASH”?

A. No. One criterion for purchasing a property in under the La Quinta Home Purchase Loan Program is that the 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. If a buyer can pay all cash for a property, they are not in need of the assistance provided by this program.

Q. Is the down payment based upon the full sales price or the sales price LESS the 2nd trust deed?

A. The minimum 3% down payment is based upon the full sales price and must be from buyer’s own funds.

Q. Is there a maximum down payment that can be used to purchase a property?

A. The California Code of Regulations 25 CCR Section 6924 (Affordable Housing Costs (Purchasers)), the down payment is “no more than a reasonable down payment.” A reasonable down payment may not exceed 20% of the total purchase price. A portion of these funds can be provided in the form of a gift, but at least 3% must be from the buyer’s own funds.

Q. What are the restrictions for selling the property?

A. The owner is precluded, during the restriction period (30 or 45-years), from selling the home to any person other than a very low, low or moderate income-qualified senior buyer.

Q. What are the factors used to determine the affordable sales price of a property?

A. As detailed in the Affordable Housing Agreement recorded against the property, if an owner desires to sell their property, the owner shall first notify the Housing Authority of its intent to transfer the Property. The owner shall not sell the property until such time as the Housing Authority has determined that the proposed sale is at price at which maintains the affordability of the property. This shall be a cost that includes all the following associated with the Property: estimated or known as of the date of the Proposed Sale of the Property:

- Principal and interest payments on a mortgage loan including any rehabilitation loans and any loan insurance fees associated therewith.
- Property taxes and assessments.
- Fire and casualty insurance covering replacement value of property improvements.
- Any homeowner association fees.
- A reasonable utility allowance.

The property owner shall contact the Housing Authority to determine the applicable Affordable Housing Cost for the property. The Housing Authority has the final determination as to whether the proposed sales price meets the affordability requirements as set forth in the Affordable Housing Agreement recorded against the property.

* * *

The purpose of the Home Purchase Second Trust Deed Loan Program was created to provide assistance in the form of a 2nd trust deed to fund the difference between market sales prices, and a mortgage amount which will provide housing costs that are affordable to very low-, low-, and moderate-income households in the purchase of a residence. It funds the difference between the maximum first loan a buyer can obtain and the purchase price less down payment, up to the maximum for the buyer's income category and ensures the affordability through the life of the affordability term.

For information on a specific property, you would need to contact Becky Caha, the Authority's affordable housing consultant, who can provide details pertaining the specific property. She can be reached at (760) 900-9668 or cahabecky@gmail.com.