

**Santa Barbara County
Affordable Housing Program
Public Information Package**



**March 2006
Santa Barbara County
Housing and Community Development
Department**

**105 East Anapamu Street, Suite 5
Santa Barbara, California 93101**

www.countyofsb.org/housing/docs.asp

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March 2006

Santa Barbara County's Affordable Housing Programs *Overview*

What types of Affordable Housing Programs does Santa Barbara County offer?

Santa Barbara County administers several affordable housing programs that provide affordable housing available to individuals and families. These programs are:

- Inclusionary Housing Program
(South County – 30, 45 year or rolling 30 and 45 year income and price restrictions)
(North County – 10 and 30 Year County/Seller Equity Share and 30, 45 year or rolling 30 and 45 year income and price restrictions)
- Density Bonus Program
(30 and 45 year income and price restrictions)
- Homebuyer Assistance Program (HAP)
(Program applies to North County homes)
- Housing Rehabilitation Loan Program

The County, Cities, City or County Housing Authorities and other groups may offer other affordable housing opportunities (see page 5-1 of this packet for specific contact information).

What is "Affordable Housing," and who qualifies?

The term "affordable" **generally** means that households should not pay more than thirty percent (30%) of their gross monthly income on rent, or on house payments and property taxes. Because it would be impractical to set maximum rent or sale prices based on the actual income of each household, households are divided into various "income" groups, and the rents or sale prices are set to be affordable to households at specified percent ranges of area median income. The U.S. Department of Housing & Urban Development, (*HUD*), determines the "area median income" for each community throughout the nation and releases that amount annually in March.

The County uses HUD's area median income calculation as the basis for income eligibility requirements and to determine the maximum purchase price or rent of affordable units under the County's programs (*see attached 2006 Housing Income & Price Guidelines*). Homes are provided within controlled affordable housing projects targeted at certain income levels. Buyers of affordable housing must have their income fall within the specified income categories for the selected housing project.

How does the Count notify the public of Affordable Housing opportunities?

Housing and Community Development mails postcards to everyone on its Affordable Housing Notification mailing list when a new project becomes available for application. Interested persons should contact Housing and Community Development and request to be on the notification mailing list if they have not already done so. Shortly before affordable homes are ready for sale or rent, the project developer begins marketing the units to the public. In addition to Housing and Community Development's postcards, the developer runs advertisements in local newspapers and one Spanish language newspaper or radio station and notifies various community groups, housing advocacy organizations and the County Housing Authority. The marketing period usually remains open for a minimum of 30 to 45 days.

I am interested in applying for Affordable Housing; what steps do I need to take?

1. When a project becomes available, contact the project developer or the County to obtain a *Buyer's Information Sheet*. The information sheet includes household size requirements, maximum allowable income, maximum allowable assets, minimum income definition, an explanation of the lottery process, the resale restrictions that apply to the units, and an Income Certification Application.
2. When applying for "for-sale" projects, applicants must contact a Federally Regulated and Insured Lending Institution and obtain a loan pre-qualification letter. Applicants must submit the letter with their Income Certification applications.
3. Applicants for both "for-sale" and "for-rent" projects will need to complete and sign the Income Certification Application and submit all supporting financial documentation with their Income Certification application. Santa Barbara County Housing and Community Development Department collects a \$50 application fee for Very-Low and Low Income Certification application submitted and a \$75 application fee for each Lower-Moderate, Upper-Moderate and Middle Median Income Certification application submitted.

Applicants interested in purchasing a home should take great care to provide accurate and consistent information on both their Income Certification application and the loan application they submit with their mortgage lender. Housing and Community Development checks loan documents with the Income Certification application for consistency before escrows are able to close. Housing and Community Development will disqualify applicants if inconsistencies are found between the Income Certification application and the bank loan application.

4. Housing and Community Development will conduct a lottery by a random computer ranking of applicants for the project. The Buyer's Information Sheet for each project will detail household size requirements. Housing and Community Development will give the top-ranked applicants in the

lottery the opportunity to complete the income certification process and purchase an affordable home.

5. Housing and Community Development determines an applicant's eligibility to purchase or rent a home based on the County's Housing Element Implementation and Income Certification Guidelines. Maximum and minimum income guidelines apply.
6. Rental project managers require that applicants meet the project's "Tenant Selection Criteria." Santa Barbara County's Board of Supervisors approves Tenant Selection Criteria prior to marketing the affordable housing project.
7. Please note that additional restrictions apply to affordable homes obtained through the County's affordable housing programs. These restrictions are described below.

What restrictions apply to the Affordable Units?

Affordable homes sold in the South Coast area of Santa Barbara County have a "Resale Restrictive Covenant" attached to the property deed for a term of thirty (30) or forty five (45) years. This Covenant implements the affordability controls and reporting requirements of the County. The restrictions limit the resale price of affordable homes and set the maximum income of potential buyers. These restrictions require that the owner of an affordable home resell the home for a calculated maximum allowable sales price, which is usually well below market value. The Covenant also states that if an affordable home is in default or is up for sale, the County will have the first chance to purchase it. This is referred to as *"The Right of First Refusal."*

There are no price or income restrictions for affordable homes with ten (10) or thirty (30) Year Equity Share restrictions. However, the seller shares the equity gained with the County within the 10 or 30-year period in the event of sale of the home. Page 13 briefly summarizes the major components of the Resale Restrictive Covenant and the County's Affordable Housing Compliance, Monitoring and Enforcement program. Please call the number below for more detailed information.

How can I get additional information on the County's Affordable Housing Program?

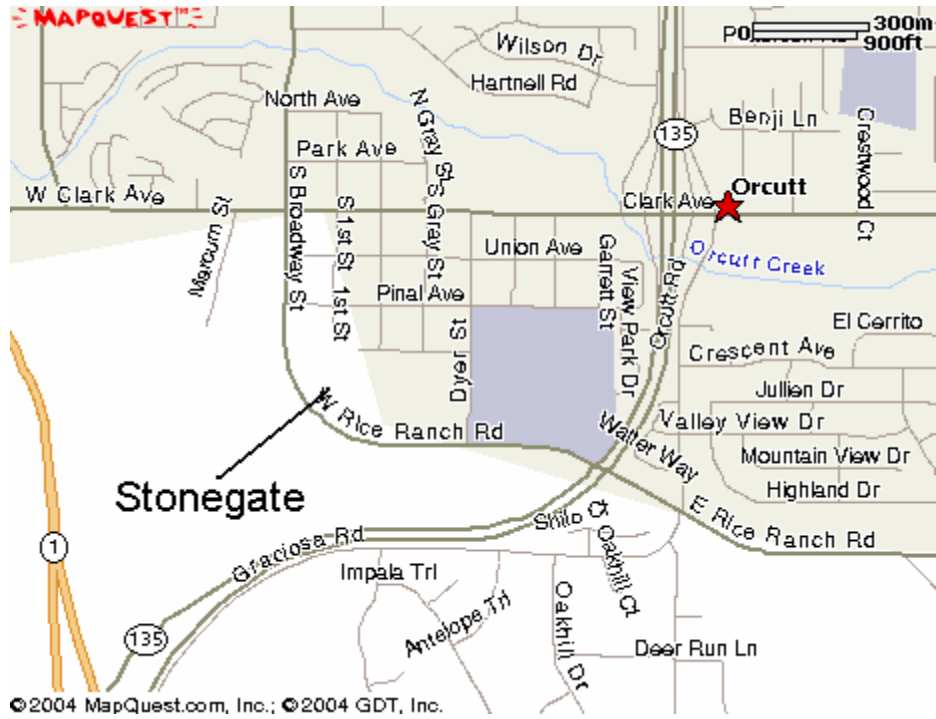
Please call Housing and Community Development Department at **(805) 568-2014** or visit the County website at www.countyofsb.org/housing/index.asp. Income Certification applications and all documents relating to the County of Santa Barbara Affordable Housing program are available to download from the website at www.countyofsb.org/housing/docs.asp.

Upcoming Affordable Housing Projects - County of Santa Barbara

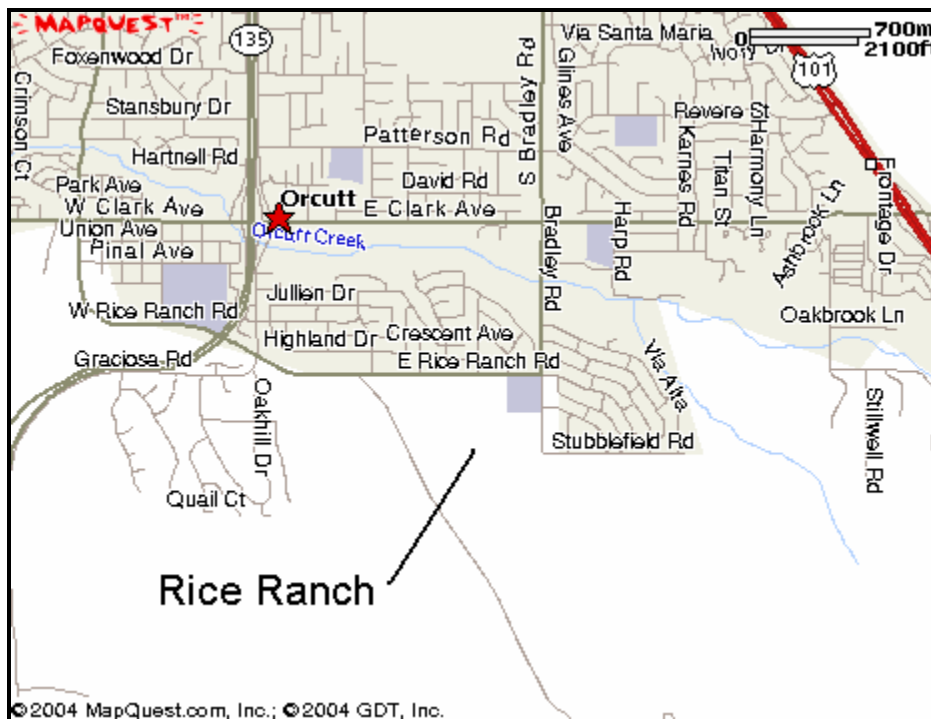
As of March 2006

Project Name	Location	Status	Number of Affordable Units	Income Category								
Providence Landing Phase II	Lompoc vicinity near Vandenberg Village	<ul style="list-style-type: none"> Marketing period expected Winter 2006 	30	11 Very-Low 15 Low 5 Lower-Moderate								
Stonegate	Orcutt vicinity	<ul style="list-style-type: none"> Approved by the Planning Commission September 2003 Marketing expected fall 2006 	15	5 Very Low 10 Low								
Rice Ranch	Orcutt vicinity	<ul style="list-style-type: none"> Approved by the Board of Supervisors Dec 2003 Marketing expected Spring 2007 	146	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><u>Pine Creek</u></td> <td style="text-align: center;"><u>The Meadows</u></td> </tr> <tr> <td style="text-align: center;">63</td> <td style="text-align: center;">Low 10</td> </tr> <tr> <td style="text-align: center;">44</td> <td style="text-align: center;">Upper Moderate 6</td> </tr> <tr> <td style="text-align: center;">11</td> <td style="text-align: center;">Middle Median 12</td> </tr> </table>	<u>Pine Creek</u>	<u>The Meadows</u>	63	Low 10	44	Upper Moderate 6	11	Middle Median 12
<u>Pine Creek</u>	<u>The Meadows</u>											
63	Low 10											
44	Upper Moderate 6											
11	Middle Median 12											
The Villas at Calle Real	Goleta	<ul style="list-style-type: none"> Approved by the Planning Commission Marketing in Summer 2006 	6	2 Low 2 Lower Moderate 2 Upper Moderate								
Old Mill	Old Mill Rd. and Blosser Rd.	<ul style="list-style-type: none"> Approved by the Planning Commission May 11, 2004 Marketing expected late 2006 	6	Low								
Vintage Ranch	Santa Maria	<ul style="list-style-type: none"> Approved by the Planning Commission March, 2005 Marketing expected mid 2006 	5	Low								

County Affordable Housing Location Maps - March 2006

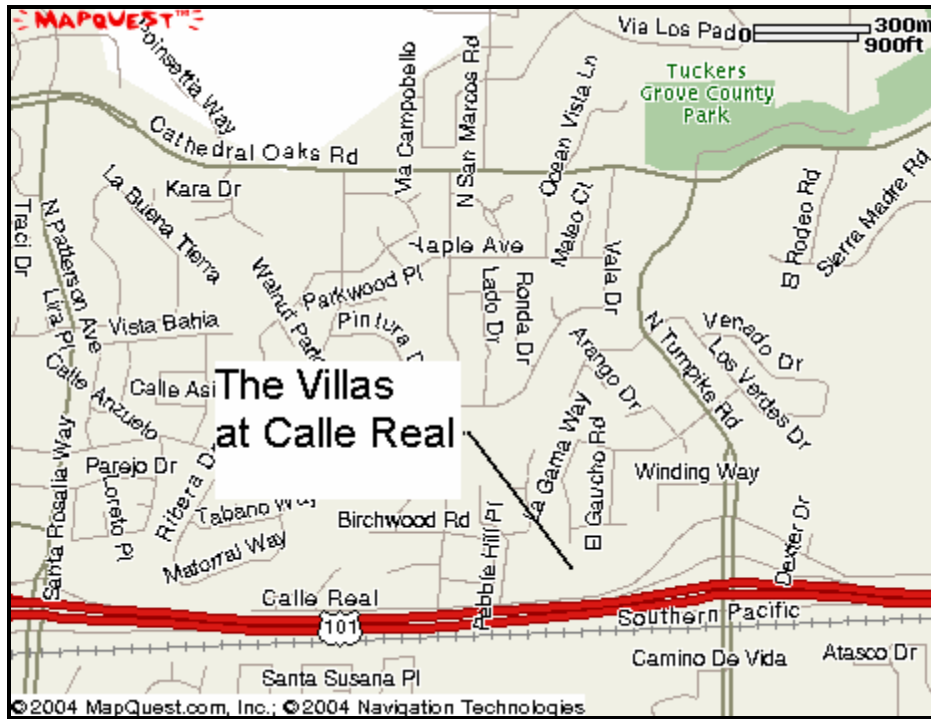


Site Location – Stonegate



Site Location - Rice Ranch

County Affordable Housing Location Maps - March 2006



Site Location – The Villas at Calle Real



Site Location – Old Mill

2006 HOUSING INCOME AND PRICE GUIDELINES

Effective March 8, 2006

Based on the median family income of \$65,800 for Santa Barbara County as determined by the U.S. Department of Housing and Urban Development and Santa Barbara County's Housing Element and Housing Element Implementation Guidelines (amended through August 22 1995).

Maximum Allowable Household Incomes for 2006*

(by household size and income category)

Household Size	Very-Low (0-50%)	Low (above 50 – 80%)	Lower-Moderate (above 80- 100 %)	Upper-Moderate (above 100- 120%)	Middle-Median (above 120 – 150%)
1	\$23,050	\$36,850	\$46,050	\$55,250	\$69,100
2	26,300	42,100	52,650	63,150	78,950
3	29,600	47,400	59,200	71,050	88,850
4	32,900	52,650	65,800	78,950	98,700
5 or more	35,550	56,850	71,050	85,300	106,600

Maximum Allowable Sales Prices for 2006*

(by bedroom size and income category)

Number of Bedrooms	Very-Low (0-50%)	Low (above 50 – 80%)	Lower-Moderate (above 80- 100 %)	Upper-Moderate (above 100- 120%)	Middle-Median (above 120 – 150%)
Studio	\$69,100	\$110,500	\$138,200	\$165,800	207,300
1	79,000	126,300	157,900	189,500	236,900
2	88,800	142,100	177,700	213,200	266,500
3	98,700	157,900	197,400	236,900	296,100
4	104,900	167,800	209,700	251,700	314,600

Maximum Allowable Rents for 2006*

(bedroom size and income category)

Number of Bedrooms	Very-Low (0-50%)	Low (above 50 – 80%)	Lower-Moderate (above 80- 100 %)	Upper-Moderate (above 100- 120%)	Middle-Median (Above 120 – 150%)
Studio	\$490	\$690	\$890	\$1090	n/a
1	620	860	1110	1360	n/a
2	740	1040	1330	1630	n/a
3	870	1220	1570	1920	n/a
4	990	1380	1780	2170	n/a

* Please note that these numbers may be subject to change March 2007

Affordable Housing Contact List

- **SANTA BARBARA COUNTY: For-sale and rental affordable housing in Santa Barbara**
Santa Barbara County Housing and Community Development Department
805.568.2014

- **Homebuyer Assistance Program**
Santa Barbara County Housing and Community Development Department
805.568.3523.
(program currently only available in North County area housing market)

Rental Housing:

In addition to the newly constructed rental units produced occasionally through Housing and Community Development's affordable housing program, there are other sources of affordable homes for rent in the County.

The **City and County of Santa Barbara's Housing Authorities** applications are placed on the waiting list for rental units. Acceptance of applications may close at any time. Contact their offices for an application:

- Santa Barbara City Housing Authority
808 Laguna Street, Santa Barbara Phone: 805.965.1071

- Santa Barbara County Housing Authority/Goleta Housing Office
5575 Armitos Avenue, Goleta Phone: 805.967.3402

For information on affordable housing opportunities within the following Cities of Santa Barbara County:

City of Santa Barbara Housing and Redevelopment	Phone: 564-5461
Santa Maria Office of the County of Santa Barbara Housing Authority	Phone: 925-4393
City of Lompoc Redevelopment Agency	Phone: 875-8278
Lompoc Housing and Community Development Corporation	Phone: 740-1561

INCOME CERTIFICATION GUIDELINES

March 2006

The Income Certification Guidelines are based on the policies of the Santa Barbara County Housing Element and describe the procedures for determining applicant eligibility to participate in the County of Santa Barbara's Affordable Housing Purchase and/or Rental Programs. A prospective buyer or renter of an affordable unit must receive the County's income certification of eligibility prior to closing escrow on an affordable unit, or if applicable, signing a rental agreement.

In order to be eligible to purchase or rent an affordable unit, the County must certify that the applicant meets the following criteria:

- Applicants must provide proof of residency or proof of employment in Santa Barbara County.
- The applicant's combined household income falls below the maximum allowable household income for the housing unit under consideration. The County will income certify all adult household members in calculating total household income. Income limits are updated annually in March. See 2005 Housing Income and Price Guidelines attached.
- The applicant's combined household income **cannot fall below the minimum amount required to pay the cost of maintaining the unit**, (*minimum income cannot fall below the amount equal to twice the annual maintenance cost, which includes mortgage or rent, insurance, taxes, and Homeowner Association dues, etc. when applicable.*).
- The applicant has secured a loan pre-qualification letter through a federally insured and regulated financial lending institution. **For sale projects only.**
- Gift Amount (if applicable) must NOT exceed the 20% down payment amount. Gift amount is included in calculation of applicant's assets. **For sale projects only.**
- Applicants must **agree to reside** in the unit and not rent the home in part or in whole.
- The household's assets cannot exceed one-half of the purchase price of the affordable home. If the affordable home is for rent, the household's assets cannot exceed one half of the purchase price of the unit had it been offered for sale.
- Applicants to purchase an affordable home cannot have previously owned any improved residential property during the three years prior to submitting an income certification application. This consideration includes mobile home ownership.

- Applicants to rent an affordable home may not own residential property in the state of California at the time they submit their income certification application. This consideration includes mobile home ownership if the owner of the mobile home owns the space in which the mobile home is parked. If the mobile homeowner pays rent for the space, then that person may be considered a first time homebuyer.
- Applicants must demonstrate that they have sufficient funds available to pay the required down payment, and other costs associated with purchasing the unit, (5% of Purchase Price). For sale projects only.
- To be eligible to apply for an affordable housing project, an applicant's household size must meet the minimum size requirements for at least one of the units in the project, and must be within any maximum size requirements that have been imposed by the project's developer and approved by the County.
- Applicants must have the right to permanently reside in the United States and provide proof.

PROCEDURES FOR REVIEWING APPLICATIONS FOR CERTIFICATION

- Applicant completes and submits application and all relevant attachments to Santa Barbara County's Housing and Community Development Department (HCD), together with a non-refundable \$50.00 or \$75.00 application fee. (Cashier's Check or Money Order payable to Santa Barbara County). The \$50.00 fee applies to Very-low and Low income category homes. The \$75.00 application fee applies to Lower-moderate, Upper-Moderate, Middle-Median and Workforce category homes **Only complete income certification applications with all required documentation will be included in the lottery.**
- HCD will review applications for completeness. Applicants with completed applications will be posted on a Lottery Eligible List which will be posted for 10 days. Applicants should check the list to determine if they will be included in the lottery. If an applicant is not on the list documentation is missing from their Income Certification application and an applicant has 10 days from the posting date to submit the required documentation. **If the requested information is not received within ten days of notification, an application will not be included in the lottery.**
- HCD will run a lottery on the 11th day after post the Lottery Eligible List. HCD staff will review the income certification applications and supporting materials of the top lottery applicants and notify applicants when a final determination of approval or denial is reached. All determinations remain subject to third-party verification and review of final loan documents.

- Income certifications are valid for a 90-day time period. If an applicant has not purchased or rented a unit within this time period, a new application may be required.

NOTE: Applicants shall complete and submit the application checklist to help insure that the Income Certification application package is complete and all required supporting documentation is provided to Housing and Community Development. Incomplete applications will not be considered for the lottery or income certification.

APPEAL PROCEDURES

Applicants may file an appeal to a denial of income certification to Housing and Community Development's Affordable Housing Program Supervisor. Appeals to denials will only be considered when Housing and Community Development's calculation of income is in question. Appeals must be in writing, and include a demonstration of miscalculations made by Housing and Community Development when calculating an applicant's income. Appeals must be sent to the County within ten (10) business days of the date of denial from Housing and Community Development.

DETERMINATION OF INCOME

HCD will review applications to determine whether the applicant's combined annual household income falls within the income category designated for the desired unit. The determination of income is not based on last year's gross income, or the average of more than one prior year's income, but on a projection of the annual household income potential based on current earning statements. HCD reserves the right to average prior year incomes as necessary to project income for self-employed people, and to project income based upon earning potential rather than just past income. These are County guidelines; in some cases, HCD will make its final decision based on existing policies and practices and on staff member's professional judgment.

INCOME INCLUSIONS

- The gross amount (before any payroll deductions) of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services; however, only that portion of overtime pay, commissions, and bonuses that are likely to continue for at least the coming year will be included.
- The net income from the operation of a business, profession or active farming. Housing and Community Development staff will not make allowances for depreciation of capital assets in determining the net business income. Housing and

Community Development also reserves the right to review additional business expenses and to exclude any that are not likely to continue or are unnecessary.

- Interest, dividends and other net income of any kind from real or personal property (expenditures for amortization of capital indebtedness and an allowance for depreciation of capital assets shall not be deducted to determine the net income from real or personal property).
- The gross amount of periodic payments received from Social Security for all household members, regardless of age.
- The gross amount of periodic payments from annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment.
- Payments in lieu of earnings, such as unemployment, worker's compensation and severance pay.
- Periodic allowances such as alimony and separate maintenance, child support payments received, housing allowances received and regular contributions or gifts received from persons not residing in the dwelling.
- That portion of scholarships provided for general living expenses, transportation and miscellaneous personal expenses.
- Lump-sum assets (gifts, inheritances, etc.) received in the previous two years prior to application unless the applicant is disabled or retired.

INCOME EXCLUSIONS

- Casual, sporadic or irregular gifts up to an amount equal to a 20% down payment and closing costs as determined in escrow. Note: Gift Amount cannot exceed the amount equal to the 20% down payment.
- Amounts that are specifically for or in reimbursements of the cost of medical expenses. Amounts that are expended and designated for large and continuing medical expenses of a member of the household are excluded.
- Lump-sum settlements for personal or property losses.
- That portion of scholarships that are provided for tuition, fees, books, equipment, materials, and supplies.

- Earned Income from the employment of children under the age of 18.
- Payments received for the care of foster children.
- The value of the allotment provided to an eligible household for coupons under the Food Stamp Act of 1977.
- The income of a live-in aide, defined as a person who resides with an elderly, disabled, or handicapped person and is determined to be essential to the care and well-being of the person is not obligated to support the person, and would not be living in the unit except to provide supportive service

DETERMINING ASSETS

In general terms, an asset is a cash or non-cash item that can be converted to cash.

ASSET INCLUSIONS

- Savings accounts and the average 6-month balance of checking accounts.
- Stocks, bonds, savings certificates, money market funds, and other investment accounts.
- Cash value of trusts available to the household.
- IRA, Keogh, and similar retirement savings accounts, even though withdrawal would result in a penalty.
- Physical, monetary, and real property assets, which, although owned by more than one person, allow unrestricted access by the applicant.
- Lump-sum receipts, such as inheritances, capital gains, lottery winnings, insurance settlements and other claims. Also, Gift Letter amount is included in calculating assets.
- Personal property valued over \$1,000, such as gems, jewelry, and coin collections.
- Equity in automobiles will be included in consideration of assets. Copies of all owned automobile registration, and related loan documents must be included in the Income Certification application.
- Cash value of life insurance policies.

- Assets disposed of for less than fair market value during 2 years preceding certification or recertification
- Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
- An applicant with total assets disposed of in the prior 12 months in excess of one-half of the purchase price of the affordable unit will have those assets counted and the applicant will be disqualified from participation.

ASSET EXCLUSIONS

- Assets not accessible to the household and that do not provide any income for the family.
- Assets that are a part of an active business or farming operation.

Household Size Requirements: In order for the County to efficiently allocate affordable housing, the County requires an applicant’s household size to meet the following guidelines:

<u>NUMBER OF BEDROOMS</u>	<u>OCCUPANCY RANGE</u>
0	1
1	1-3
2	2-5
3	3-7
4	4-9

Pursuant to these guidelines, a single-person family household selected through a lottery could only qualify to acquire a studio or one-bedroom unit, and a two-person family household could only qualify for a one or two-bedroom unit. The maximum occupancy limit to purchase a home is equal to twice the number of bedrooms in the home plus one person. For example, the maximum allowable for a two bedroom home is five persons: $(2 \times 2) + 1 = 5$.

Summary of Resale Restrictive Covenant Guidelines For Santa Barbara County's Affordable Housing Program

To participate in Santa Barbara County's Affordable Housing Program, homeowners accept responsibilities concerning the purchase, residency, resale, renting, and refinancing of their homes. These responsibilities promote the integrity of the County's affordable housing program as well as maintain a certain level of affordable housing in the County. The following outline generally describes some of the major components of the County's Resale Restrictive Covenant associated with affordable home ownership. Please see the model covenant for exact restrictions.

1) Purchasing: Santa Barbara County Housing and Community Development contacts those applicants whose names come up at the top of the lottery list. The County contacts as many applicants as homes that are available. Those top lottery applicants are then income certified by Housing and Community Development and sent to the project developer to complete the sales process. County staff will coordinate with lenders and escrow companies to insure application accuracy, completeness and consistency throughout the purchase process. It is the applicant's responsibility to provide complete, accurate and consistent information when applying for affordable housing opportunities. Failure to do so may result in disqualification from the program.

2) Owner Occupancy: All participants who purchase an affordable home under the County's programs are required to live in the home as their primary place of residence. The owner may only rent the unit under exceptional circumstances such as when the unit is on the market for sale. The owner may not rent out their home, in whole or in part, without County approval. The County must approve all leases and verify that potential tenant's income meets stated guidelines. Housing and Community Development will investigate reports of rental violations. Owners will be financially liable for any damages that a court may impose if an owner is in violation of the Resale Restrictive Covenant.

3) Refinancing: The County must approve the terms of all financing secured for the property, whether at the time of sale or at any other time. Regarding financing, the Covenant states: *"Except for the original purchase money financing, Owner shall not further encumber the Property without approval of the County, and in no case shall any further encumbrance impair the county's interest in the property."*

4) Renting of Affordable Homes: As indicated, the County's affordable homes must be the owner's primary place of residence. An affordable home owner may not rent their home at any time, either in part or in entirety. Owners may not rent individual rooms in affordable units to persons not within the applicant's qualifying household.

The above merely summarizes the major components of the Resale Restrictive Covenant. For more complete and detailed information please read the Covenant itself. It is important that you are aware of your rights and responsibilities as an owner prior to signing the Covenant.

Monitoring, Enforcement and Compliance

Introduction

The County of Santa Barbara makes every effort to ensure that the limited supply of affordable housing remains affordable for the term of the program. Anyone who is familiar with the local rental and/or home purchase prices in Santa Barbara County realizes that it is one of the most expensive areas of the state in which to rent or purchase housing.

Therefore, it is important that those fortunate enough to qualify to purchase an affordable home treat the obligations and responsibilities with utmost seriousness and respect. Ensuring a certain level of affordable housing throughout the County is a goal we all share and a commitment the County diligently works to uphold.

Monitoring of Affordable Homes after Initial Sale

The County will send an Affordable Housing Program Annual Certification letter to residents annually requesting an occupancy status report. The letter will measure the program's successes and to ensure compliance with the affordable housing restrictive covenants. In addition, based upon information or complaints of suspected owner violations of the Covenant, the County will investigate the alleged violations and, when necessary enforce the provisions of the Covenant in court against owners who are in violation. The County may collect penalties in the form of financial fees and fines to cover damages from violating the Covenant.

The County will request from homeowners an Annual Certification status Report on Owner Occupancy." In the event of an absent owner, an explanation must be provided to clarify whether or not the absenteeism was attributable to hardship. If this cannot be demonstrated the County will seek recourse for any damages incurred as a result.

If information is provided to the County that an affordable property is being rented, the County will conduct an investigation and the owner may be subject to review for possible violations of the Covenant.

With regard to financing and refinancing of the units, since the Covenant is attached to the Deed, lenders are aware that the property is an affordable one and will call regarding the current valuation of the property. As indicated, the County may approve such refinancing based on the merits of each individual case. Please note, however, that the County is not obligated to approve of any refinancing.

Pursuant to the Resale Restrictive Covenant, the County reserves the right to request additional materials and documentation necessary in making a determination of any affordable home ownership violations.

Enforcement Provisions

The County will seek recourse in the court system for violations of the agreements in the Resale Restrictive Covenant:

"Upon any violations of the provisions of the Covenant, the County may apply to a court of competent jurisdiction for specific performance of the Covenant, for an injunction prohibiting a proposed transfer in violation of the Covenant or for any such other relief as the court may deem appropriate, including but not limited to rescission of any unauthorized sale or encumbrance, recovery of any rental revenues, and tolling of the running time under the ten-year term."

Specifically, there are six (6) areas of legal remedies available to the County for breaches of the Covenant agreement. They address, among other things, renting and selling of the units. Please refer to the covenant itself for specific restrictions.