



REQUIRED DOCUMENTS TO ESTABLISH ELIGIBILITY

Documents included in this package to be completed by the Applicant(s):

1. Attachment A: City Required Documentation
2. Attachment B: Applicant Certification
3. Attachment C: Statement of Household Composition
4. Attachment D: Applicant Contact Information
5. Attachment E: Affordable Housing Acknowledgement Form
6. Attachment F: Asset Certification
7. Attachment G: Sample Resale Deed Restriction Agreement (for information purposes and does not need to be completed, signed, nor submitted as part of the package)



**ATTACHMENT A
CITY REQUIRED DOCUMENTATION**

From Applicant(s):

- Three (3) most recent years signed federal tax returns
- Two (2) most recent years W2 statements
- Two (2) months most recent paystubs
- Two (2) months most recent bank statements (checking, savings)
- Most recent 401k, or Retirement Account statement
- Other sources of income (Social Security, Disability, Unemployment, Child Support, etc...)
- Priority Point System: Proof of Salinas Residency or Employment (at least 1 year prior to applying).
 - A tax return or W2 showing a residence or employer address in Salinas is acceptable. In addition, rent receipts/utility bills, a letter verifying Salinas employment (Signed statement from employer) pay stubs, etc., evidencing residency/employment in the City since at least one year prior to the lottery will be sufficient.

From Lender:

- Pre-Qualification Letter (lender to specify if there is down payment assistance and/or closing costs credits)
- Mortgage Form 1003
- Mortgage Form 1008
- Loan Estimate (LE)
- Authorization to Release Information Form
- Verification of Employment (VOE) for Applicant(s)
- Gift Letter (if applicable)



ATTACHMENT C

STATEMENT OF HOUSEHOLD COMPOSITION

In connection with my/our application for an Inclusionary Housing Unit purchase, I/We hereby provide the following information for all individuals who will be living in the household:

Name _____ Social Security Number _____ Age _____

Residence Status (Check one) U.S. Citizen _____ Legal U.S. Resident _____ Other _____

Relationship to applicant(s) (if not married to, or a child of applicant) _____

Income Sources: (check all that apply)

_____ Wages/Salary Income	_____ Unemployment Benefits/Income
_____ Disability Income	_____ Social Security Income
_____ Dividend/Interest Income	_____ Other income (source): _____

Name _____ Social Security Number _____ Age _____

Residence Status (Check one) U.S. Citizen _____ Legal U.S. Resident _____ Other _____

Relationship to applicant(s) (if not married to, or a child of applicant) _____

Income Sources: (check all that apply)

_____ Wages/Salary Income	_____ Unemployment Benefits/Income
_____ Disability Income	_____ Social Security Income
_____ Dividend/Interest Income	_____ Other income (source): _____

Name _____ Social Security Number _____ Age _____

Residence Status (Check one) U.S. Citizen _____ Legal U.S. Resident _____ Other _____

Relationship to applicant(s) (if not married to, or a child of applicant) _____

Income Sources: (check all that apply)

_____ Wages/Salary Income	_____ Unemployment Benefits/Income
_____ Disability Income	_____ Social Security Income
_____ Dividend/Interest Income	_____ Other income (source): _____





Name _____ Social Security Number _____ Age _____

Residence Status (Check one) U.S. Citizen _____ Legal U.S. Resident _____ Other _____

Relationship to applicant(s) (if not married to, or a child of applicant) _____

Income Sources: (check all that apply)

_____ Wages/Salary Income	_____ Unemployment Benefits/Income
_____ Disability Income	_____ Social Security Income
_____ Dividend/Interest Income	_____ Other income (source): _____

Name _____ Social Security Number _____ Age _____

Residence Status (Check one) U.S. Citizen _____ Legal U.S. Resident _____ Other _____

Relationship to applicant(s) (if not married to, or a child of applicant) _____

Income Sources: (check all that apply)

_____ Wages/Salary Income	_____ Unemployment Benefits/Income
_____ Disability Income	_____ Social Security Income
_____ Dividend/Interest Income	_____ Other income (source): _____

Name _____ Social Security Number _____ Age _____

Residence Status (Check one) U.S. Citizen _____ Legal U.S. Resident _____ Other _____

Relationship to applicant(s) (if not married to, or a child of applicant) _____

Income Sources: (check all that apply)

_____ Wages/Salary Income	_____ Unemployment Benefits/Income
_____ Disability Income	_____ Social Security Income
_____ Dividend/Interest Income	_____ Other income (source): _____

I/We acknowledge that additional documentation regarding household members may be required and that failure to provide any such information in a timely manner may result in my/our disqualification from further participation in this Inclusionary Housing Program. I/We further acknowledge and agree that any change in the composition or status of the individuals who will be living in the household, and/or our failure to provide immediate written notice of a change in the composition or status of any household member may result in my/our disqualification from participation in this Inclusionary Housing Program.

I/We hereby represent and warrant that the foregoing information is true and correct.

Applicant Date

Applicant Date





**ATTACHMENT D
APPLICANT CONTACT INFORMATION**

Applicant #1:

Name: _____

Phone: _____

E-Mail: _____

Applicant #2:

Name: _____

Phone: _____

E-Mail: _____

Language Preference (please select below):

___ English

___ Spanish

___ Some English OK



ATTACHMENT E

AFFORDABLE HOUSING ACKNOWLEDGEMENT FORM

I/We are applying to purchase a restricted Inclusionary Housing Unit at _____.
I/We have received a copy of the “SAMPLE” Resale Deed Restriction Agreement, shown as Attachment G. By My /Our signature below, we acknowledge to have fully read and understand the restrictions as outlined in the “SAMPLE” Resale Deed Restriction Agreement. I/We have had the opportunity to seek advice from legal counsel and/or ask questions concerning the restrictions from City staff.

Further, I/We understand that a Resale Deed Restriction Agreement will be recorded against the unit. I/We further understand that I/We will not be able to sell the Inclusionary unit at market rate should I/We decide to sell the unit before the expiration of the 30-year affordability period.

I/We further understand and agree that no equity shall be taken from the property within the 30-year affordability period and we shall use the home as our principle place of residence.

Applicant Signature

Applicant Signature

Print Name

Print Name

Date

Date



**ATTACHMENT G
SAMPLE RESALE DEED RESTRICTION AGREEMENT**

**INCLUSIONARY HOUSING
RESALE DEED RESTRICTION AGREEMENT**

This Resale Deed Restriction Agreement, hereinafter referred to as Agreement, is entered into as of this ____ day of _____, _____, by and between the City of Salinas, hereinafter referred to as City, and _____, hereinafter referred to as Owner, in accordance with City of Salinas Ordinance No. 2178 (N.C.S.) establishing Inclusionary Housing Requirements and City of Salinas Resolution No. 14618 (N.C.S.) establishing Inclusionary Housing Program Guidelines which are incorporated herein by reference and made a part of this Agreement.

THIS PROPERTY IS SUBJECT TO COVENANTS, CONDITIONS AND RESTRICTIONS DESIGNED TO ASSURE AFFORDABLE HOUSING FOR LOW INCOME HOUSEHOLDS EARNING 80% OR LESS THAN THE AREA MEDIAN INCOME. IN ORDER TO ASSURE THE AFFORDABILITY OF THE HOUSING BEING CREATED BY THIS AGREEMENT, THESE COVENANTS, CONDITIONS AND RESTRICTIONS REGULATE THE BELOW MARKET VALUE OF SPECIFIED UNITS AND RESTRICT THE SALE AND OCCUPANCY THEREOF. THESE RESTRICTIONS ARE BINDING UPON PURCHASERS, ENCUMBRANCERS, AND THEIR SUCCESSORS AND ASSIGNS. THESE COVENANTS, CONDITIONS AND RESTRICTIONS SHOULD BE CAREFULLY READ AND FULLY UNDERSTOOD BEFORE PURCHASING OR ENCUMBERING THE PROPERTY, AS THE SALE OR OCCUPANCY OF THE UNITS IN VIOLATION OF THE PROVISIONS HEREIN MAY CAUSE LEGAL ACTION TO BE TAKEN BY THE CITY OF SALINAS TO ENFORCE THE PROVISIONS AGAINST THE VIOLATOR AND SUBJECT THE VIOLATOR TO THE PAYMENT OF ATTORNEYS FEES AND COSTS OF SUCH ENFORCEMENT.

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Section 1. Property Description

The real property which is the subject of this Agreement, herein after referred to as Residence, is described as **Lot** ____ **Block** ____ as shown on that certain map entitled “____”, in the office of the Monterey County Recorder of the County of Monterey, State of California. The property is commonly known as _____ (Inclusionary Unit).

Section 2. Administration

The City shall ensure compliance with this Agreement. The City may designate an administrator to carry out its responsibilities under this Agreement. Upon initial sale of each Residence, Owner shall pay City, or its designated administrator, a fee of \$1,000 per Residence for the administration of this Agreement. In addition, the Owner shall reimburse City, or its designated administrator, for out of pocket procurement costs incurred as a result of the administration of this Agreement. This administration fee shall be paid by the Owner prior to the close of escrow for the initial sale of each Residence.

Section 3. Noticing Requirements

All notices shall be personally delivered or sent by certified mail.

Notice to the City shall be addressed to the Planning Manager, City of Salinas, 65 W. Alisal Street (2nd Floor), Salinas, CA 93901.

Notice to the Administrator shall be addressed to Planning Manager until such time as the City provides another address for Administrator.

Notice to the Owner shall be addressed to the Residence address as described in Section 1 of this Agreement.

Section 4. Occupancy

Owner must occupy the Residence as his/her principal place of residence. Owner shall not lease, rent, sublet, or otherwise assign his/her interest in the Residence, except the Residence may be leased for limited periods of time, subject to written approval by the administrator, when the Owner is required to live elsewhere and expects to return within one year. Only households earning no more than eighty percent (80%) of the Area Median Income, adjusted for family size, at the time of the lease, as defined in the Agreement, shall be eligible to lease the Residence. The City shall determine eligibility of applicants for lease of Residence and the monthly lease amount shall not exceed the Owner's housing costs. For purposes of determining eligibility and maximum allowable lease amount, the provisions in the Agreement shall apply.

Section 5. Refinancing

The terms of all refinancing secured by the property must be approved by the City, with the exception of refinancing of the first mortgage loan wherein no additional cash is taken out other than the loan costs.

Section 6. Property Transfer

Any transfer of interest or title in the Residence shall be subject to the conditions set forth in this Agreement. Transfer shall mean any voluntary or involuntary sale, except as outlined in Section 11 of this Agreement, assignment or transfer of ownership of the Residence or of any interest in the Residence, including but not limited to, a fee simple interest, joint tenancy interest, life estate, leasehold interest including any rental of the premises, or any interest evidenced by a land contract by which physical possession of the Residence is transferred and Owner retains title. Any transfer without satisfaction of the conditions of this Agreement shall be deemed a Prohibited Transfer, as defined in Section 8 of this Agreement.

Section 7. Right of First Refusal

Upon intent to sell the property, Owner shall first offer the Residence for sale to the City or its assignee by delivering a written "Notice of Intent to Sell" to the City. City or its assignee shall have forty-five (45) calendar days from receipt of the Owner's "Notice of Intent to Sell", to accept or refuse the offer. If the City accepts the offer, escrow shall close within ninety (90) days from receipt of the "Notice of Intent to Sell".

In no event shall City become in any way liable to Owner, nor become obligated in any manner, by reason of the assignment of its right to purchase, nor shall City be in any way obligated or liable to Owner for any failure of City's assignee to consummate a purchase of the premises or to comply with the terms of any purchase and sale agreement. The following transfers of title or any interest therein are not subject to the right of first refusal provisions of this deed: transfer by gift, devise, or inheritance to owner's spouse or issue; taking of title by surviving joint tenant; transfer of title to spouse as part of annulment, divorce, dissolution or separation proceedings; acquisition of title or interest therein in conjunction with marriage; provided, however, that these covenants shall continue to run with the title to Residence following said transfer.

In the event the City or its assignee does not accept the Owner's offer to sell within forty-five (45) days from the receipt of "Notice of Intent to Sell", Owner may sell the residence subject to the following requirements:

- A. The City shall determine the Resale Price in accordance with Section 9 of this Agreement.
- B. The Owner shall provide the City with a written "Notice of Sale of Residence" prior to the sale of the Residence. Prior to such sale, City shall determine the eligibility of the proposed buyer in accordance with the requirements of this Agreement.
- C. The new buyer shall occupy the residence as the principal place of residence; the buyer may not earn more than eighty percent (80%) of the Area Median Income.
- D. Owner (Seller) shall enter into a purchase and sale agreement which contains provisions establishing eligibility requirements consistent with this Agreement. The subsequent buyer shall, prior to close of escrow, execute an agreement with the City in a form prescribed by the City, under the terms of which the new buyer shall assume the obligations and duties and agree to be bound by the restrictions of this Agreement. Said agreement shall be made part of the deed to be recorded upon sale of transfer of interest in the Residence.

Section 8. Prohibited Transfer

If the City receives a notice of sale or transfer of the Residence determined by the City to be in violation of this Agreement, the City shall give written "Notice of Prohibited Transfer" to the Owner, specifying the nature of the violation. If the violation is not corrected to the satisfaction of the City within fourteen (14) calendar days after the date of the "Notice of Prohibited Transfer", or within such further time as City determines is necessary to correct the violation, City may declare a default under this Agreement. Upon the declaration of a default, under this Agreement, the City may apply to a court of competent jurisdiction for such relief as may be appropriate.

Section 9. Resale Price/Cost Determination

Closing costs and title insurance shall be paid pursuant to the terms of the purchase agreement between the Owner (Seller) and the Buyer (Transferee). Seller shall bear the expense of providing a current written report of an inspection by a licensed Structural Pest Control Operator. All work recommended in said report to repair damage caused by infestation or infection of wood-destroying pests or organisms found, and all work to correct conditions that caused infestation or infection shall be done at the expense of the Seller. Any work to correct conditions usually deemed likely to lead to infestation or infection of wood-destroying pests or organisms, but where no evidence of infestation or infection is found with respect to such conditions, is not the responsibility of the Seller, and such work shall be done only if requested by the Buyer, and then at the expense of the Buyer. The Buyer shall be responsible for payment of any prepayment fees imposed by any lender by reason of the sale or escrow and for any fee as may be otherwise provided by mutual agreement of Buyer and Seller.

The maximum resale price of the Residence shall be established by the City and shall be as follows:

The original purchase price (base price), plus an amount, if any, to compensate for any percent increase in the Area Median Income, for the complete years the Owner has owned the unit. For this purpose, the Area Median Income prevailing on the date of the purchase by the Owner (Seller) shall be compared with the Area Median Income in effect on the date of receipt by the City of a "Notice of Intent to Sell".

The percentage increase in the Area Median Income, if any, shall be computed and the base price shall be increased in the same percentage; provided, however, that the price shall in no event be lower than the purchase price paid by the selling Owner.

This adjusted price shall be increased by the value (as determined by the City), of:

- A. Any substantial structural or permanent fixed improvements which cannot be removed without substantial damage to the Residence or substantial or total loss of value of said improvements.

No improvements shall be deemed substantial unless the actual initial cost thereof to the Owner exceeds one percent (1%) of the purchase price paid by the Owner for the Residence.

- B. Any reasonable cost of any replaced, inoperative or otherwise deteriorated permanently affixed appliances, fixtures, or equipment which were acquired as part of the Residence by Owner.
- C. Any expenditure made pursuant to a mandatory assessment levied by the City or a homeowner's association for the development in which the Residence is located, whether levied for improvements or maintenance to the premises, the common area, or related purposes.

- D. Any negative amortization on the selling Owner's FHA-insured graduated payment mortgage encumbering the Residence.
- E. Sales commission up to six percent (6%) of the final sales price which is paid by the selling Owner pursuant to a written agreement with a licensed real estate broker.

No adjustment shall be made for the value of any improvements, fixtures or equipment unless the Owner received written approval from the City prior to improving the property or replacing any fixture or equipment. The City will generally approve the improvements or replacement of fixtures, or equipment unless the City expects such action to result in the Residence becoming unaffordable to eligible buyers.

No adjustment shall be made for the value of any improvements or replacement unless the Owner presents to the City valid written documentation of the cost of said improvements or replacements.

Any resale price determined by the increase in Area Median Income as defined above shall be decreased by an amount which compensates for deferred maintenance costs, which amount shall be determined as follows: Upon receipt of "Notice of Intent to Sell", the City shall be entitled to inspect the Residence. The City or its designee shall have an opportunity to determine whether any violations of applicable building, plumbing, electric, fire or housing codes exist. The cost for the inspection shall be at Owner's (Seller) expense. In the event deficiencies are noted, the Owner shall obtain estimates which shall be approved by the City, to cure the observed deficiencies. The Owner shall cure the deficiencies in a reasonable manner acceptable to City within sixty (60) days of being notified of the results of the inspection, but in no event later than close of escrow. Should Owner fail to cure such deficiencies prior to the scheduled date of close of escrow, at the option of City, escrow may be closed, title passed and money paid to the selling Owner subject to the condition that such funds as are necessary to pay for curing such deficiencies (based upon City approved estimates obtained by Owner) shall be withheld from the money due the selling Owner and held by the escrow holder for the purpose of curing such deficiencies. The Buyer (Transferee) shall cause such deficiencies to be cured and upon City certification of completion of work, escrow holder shall utilize such funds to pay for said work. Any remaining funds shall be paid to the selling Owner. No other payment shall be due said Owner.

Section 10. Term of Restriction

The terms and conditions set forth in this Agreement shall run with the land and shall bind Owner and all successors, heirs, grantees and assigns, both voluntary and involuntary. Except as otherwise noted in Section 11 of this Agreement, the terms of this Agreement shall be made part of each deed subsequently recorded and shall bind each successor in interest for a period of thirty (30) years from the date of the recordation of the deed restriction.

Section 11. Default and Foreclosure

A request for notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering said premises shall name the City, and its designated administrator, if applicable, as the recipient of said notice and shall be recorded by the Owner in the Office of the Recorder of the County of Monterey, CA. Any notice of default given pursuant to California Civil Code Section 2924b shall constitute a "Notice of Intent to Sell" hereunder, and the City or its assignee, may exercise its preemptive right to purchase pursuant to the provisions of this Agreement, provided however, that, notwithstanding any language contained in this Agreement to the contrary with regard to the rights of the lien holder, the City, or its assignee, must complete such purchase no later than the end of the period established by California Civil Code Section 2924c for reinstatement of a monetary default under the deed of trust or mortgage.

In the event of default and foreclosure, the City, or its assignee, shall have the same right as the Owner to cure defaults and redeem the Residence prior to foreclosure sale. Such redemption shall be subject to the same fees, charges and penalties which would otherwise be assessed against the Owner. Nothing herein shall be construed as creating any obligation on the part of the City to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.

In the event the City, or its assignee, elects not to exercise its right to purchase upon default, and a foreclosure sale is consummated, any surplus proceeds to which the Owner may be entitled following foreclosure under California State law shall be paid as follows: After any required payment of encumbrances, that portion of surplus, if any, up to but not exceeding the net amount that the Owner would have received after any required payment of encumbrances under the formula set forth in Section 9 of this Agreement had the City exercised its right to purchase the Residence on the date of the foreclosure sale, shall be paid to the Owner on the date of the foreclosure sale; the balance of surplus, if any, shall be paid to the City, or its successors or assigns.

In the event that the City, or its assignee, does not elect to purchase the Residence pursuant to the provisions of this Section and the Residence is transferred through foreclosure, deed-in-lieu of foreclosure to the primary lender, or assigned to the Secretary of HUD under 24 CFR 203.650 et. seq., the subsequent bona fide purchaser for value shall take title to the Residence free from any and all restrictions contained in this Agreement.

Section 12. Distribution of Insurance and Condemnation Proceeds

In the event that the Residence is destroyed and insurance proceeds are distributed to Owner instead of being used to rebuild, or in the event of condemnation, if proceeds thereof are distributed to Owner, any surplus proceeds so distributed remaining after payment of encumbrances of said Residence shall be distributed as follows: that portion of the surplus up to but not to exceed the net amount that Owner would have received under the formula set forth in Section 9 of this Agreement had Residence been transferred on the date of the destruction or condemnation valuation date, shall be distributed to Owner, and the balance of such surplus, if any, shall be distributed to City or its successors or assigns.

Section 13. Severability

If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or

provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

Section 14. Contradictory Agreements

Owner covenants that he/she shall not, and will not execute any other agreement with provisions contradictory or in conflict with the provisions hereof, and that, in any event, Owner understands and agrees that this Agreement shall control the rights and obligations between and among the parties and respective successors.

Section 15. Legal Costs

Owner agrees to pay the City, and its designated administrator, if applicable, for all court costs and attorney's fees in the event legal action is undertaken to enforce this Agreement.

If awarded, City's attorney fees shall be calculated at the market rate.

IN WITNESS THEREOF, the parties have executed this Agreement as of the date first written above.

CITY OF SALINAS:

BY: _____
City Manager

_____ Date

RESIDENCE OWNER:

Buyer:

_____ Date

Buyer:

_____ Date

Note: Owner signatures must be acknowledged by a Notary Public.

APPROVED AS TO FORM:

BY: _____
City Attorney

End of Covenant

