

## KAHUINA

### DEP Program (Affordable Units)

**\*Instructions to the DEP Program Applicant # \_\_\_\_\_  
READ CAREFULLY**

1) **Attach this complete and notarized Affidavit to your affordable unit application with the following:**

- DEP Pre-Qualification letter from a Project Lender
- Employer completed and signed VOE form.

2) ♦ **IMPORTANT** ♦ This Affidavit will be automatically disapproved if it is **not** notarized and the above required documents **are missing or are incomplete**.

#### For HHFDC Use Only

☐ Applicant **IS** an Eligible Purchaser Application # \_\_\_\_\_

☐ Applicant **IS** a DEP Eligible Buyer

DEP Unit  
Selection No. \_\_\_\_\_

DEP Selected  
Unit \_\_\_\_\_

☐ Co-buyer, ☐ **IS** ☐ **is NOT**  
a DEP Eligible Buyer

☐ Applicant **IS NOT** DEP Eligible

## **Affidavit for HHFDC Dwelling Unit Revolving Fund Equity Pilot (“DEP”) Program**

**Sign this Affidavit in front of a Notary Public.**

**This affidavit must be personally executed by the Applicant and Co-buyer, if any, who is applying to purchase a residential unit offered under the DEP Program and shall not be executed by an attorney-in-fact.**

State of Hawai‘i )  
 ) SS.  
County of \_\_\_\_\_)

**(Print FULL Name, no initials)**

**A.** \_\_\_\_\_  
DEP program Applicant (Proposed Eligible Buyer)

**B.** \_\_\_\_\_  
If applicable, Co-buyer is a ☐ Spouse or ☐ Co-applicant **and** ☐ **IS** ☐ **is NOT**, a DEP program applicant (proposed eligible buyer).

Applicant Best Phone No.: \_\_\_\_\_

Applicant Email: \_\_\_\_\_

Applicant Physical  
Residence Address:

(Please PRINT)

City, State, Zip Code

Mailing Address: ☐ ← check, if address is, Same as Above

***Complete, if Applicant mailing address is different; or  
Co-buyer address is different from Applicant Residence Address; include City, State, Zip Code***

**C. The following to be completed by the DEP program Applicant and Co-DEP buyer, if any who is purchasing an affordable unit with the applicant named in section A above.**

ELIGIBILITY REQUIREMENTS		APPLICANT (A)	Co-DEP buyer, if any
1)	Do you own any real property? If YES, you are ineligible for the DEP program.	Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
2)	Are you receiving gift funds? If YES, you are ineligible for the DEP program	Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
3)	Are you currently working in a profession facing a shortage? If YES, check your profession →	Y <input type="checkbox"/> N <input type="checkbox"/> <input type="checkbox"/> HEALTHCARE WORKER <input type="checkbox"/> EDUCATOR <input type="checkbox"/> LAW ENFORCEMENT OFFICER <input type="checkbox"/> STAFF AT CORRECTIONAL FACILITIES <input type="checkbox"/> HONOLULU COUNTY SPECIFIC PROFESSIONS (EMT, water safety officer, construction inspector and victim's witness counselor)	Y <input type="checkbox"/> N <input type="checkbox"/> <input type="checkbox"/> HEALTHCARE WORKER <input type="checkbox"/> EDUCATOR <input type="checkbox"/> LAW ENFORCEMENT OFFICER <input type="checkbox"/> STAFF AT CORRECTIONAL FACILITIES <input type="checkbox"/> HONOLULU COUNTY SPECIFIC PROFESSIONS (EMT, water safety officer, construction inspector and victim's witness counselor)
4)	What is your official title? <i>If not included on your paystub</i> , complete and attach the DEP Verification of Employment form at the end of this DEP Affidavit.		

**D. The Applicant submits this affidavit to purchase an affordable unit offered under the Hawaii Housing Finance and Development Corporation's ("HHFDC" or "Corporation") DEP Program as set forth in Chapter 15-309, Hawaii Administrative Rules (HAR), and agrees to the following requirements:**

1. If approved, I may select a unit within my prequalified sales price, including the corporation's equity.
2. The corporation may purchase equity in for-sale housing development projects. The corporation's equity shall be allocated to specific units within the project. The price to be paid by each eligible buyer of a unit shall be reduced by the corporation's equity amount for that unit.
  - a. **Corporation's equity** means the difference between the original cost of the unit and the price of the unit paid by the qualified purchaser.
  - b. **Eligible buyer** means an applicant who: (1) owns no other real property; (2) receives no gift funds for purchase of the unit; (3) works in a profession that is facing a shortage as determined by the corporation, including healthcare workers, educators, law enforcement officers, staff at correctional facilities, agricultural field workers, and Honolulu County select professions; and (4) meets the eligibility requirements set forth in section 15-308-22 (is an eligible purchaser for an affordable unit in the project).
3. The corporation may charge an *interest rate* <sup>1</sup> on the corporation's equity which shall be stated in the program agreement with the qualified purchaser. The HHFDC will send the program agreement to the qualified purchaser during preclosing, for review and acceptance of the program terms.
  - a. **Interest rate** <sup>1</sup> means the fixed rate charged on the corporation's equity at one per cent per year, unless otherwise indicated in the qualified purchaser's program agreement.
  - b. **Qualified purchaser** means an eligible buyer who meets the criteria of the program for which an affidavit is submitted and has entered into a purchase contract and program agreement.
4. The qualified purchaser shall pay a percentage share of net appreciation on the corporation's equity amount.
  - a. **Corporation's equity percentage share** means the percentage determined as: the corporation's equity divided by the *value (fair market value by appraisal)* <sup>2</sup>, excluding any options or upgrades, and established prior to closing the purchase of the unit, rounded to the nearest one per cent.
5. The qualified purchaser shall repay the corporation's equity, *accrued interest* <sup>1</sup>, if any and the corporation's equity percentage share of the net appreciation upon the earliest of the following:
  - a. At any time after financial closing of the purchased unit at the qualified purchaser's option;
  - b. Upon sale, transfer of title, refinance or additional financing, non-owner occupancy, rental of any part of the unit, or failure to reoccupy the unit at the end of a temporary waiver period; or

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<sup>1</sup> Refer to the attached Exhibit A for a list of all HHFDC intended modifications to meet current Fannie Mae lending guidelines

<sup>2</sup> Determination of the corporation's equity share of net appreciation shall be calculated **using** the amount of the developer's original purchase price, (before HHFDC's equity is applied). Refer to Exhibit A.

- c. Prior to expiration of the 30<sup>th</sup> year from the qualified purchaser's date of closing the purchased unit.
6. Payments made shall be applied in the following order of priority:
  - a. *Accrued interest*<sup>1</sup>;
  - b. Corporation's equity percentage share of the net appreciation, if any; and the
  - c. Corporation's equity.
7. Payments not paid when due shall be subject to *additional*<sup>3</sup> interest on the corporation's equity share of the net appreciation in the property at the simple annual rate of 10% per year until paid in full. The corporation reserves the right to pursue all legal remedies to recapture the funds allocated.
8. Payment of the corporation's equity, *interest*<sup>1</sup> and equity share of the net appreciation in the property, if any shall be the sum of the following. Refer to the attached Exhibit A for a sample computation.
  - a. The corporation's equity *plus simple interest*<sup>1</sup> at the rate specified in the purchaser's program agreement; and
  - b. The *net appreciation*<sup>4</sup> on the corporation's equity is calculated as the *current value*<sup>4</sup> of the unit, minus the *original value*<sup>4</sup> of the unit and multiplied by the corporation's equity percentage share, as specified in the purchaser's program agreement.
9. The qualified purchaser must maintain the eligibility requirements of the DEP program through the closing of the purchase and will update the affidavit approximately 180 days prior to closing the purchase and/or as requested by the HHFDC in its sole discretion ("recertification").
  - a. If recertification is approved, the qualified purchaser shall execute the corporation's program agreement to timely close on the unit purchased.
  - b. If recertification is disapproved, this affidavit will be automatically null and void, unless the co-buyer, if any, is an eligible buyer under the DEP program and will be the primary applicant.
  - c. If elected, continued purchase as an eligible purchaser may be permitted at the developer's original sales price, subject to the developer and the corporation's review and approval. If approved, an amendment to the contract will be required (without 30-day rescission).

**E. I, the Applicant under the DEP program Affidavit, being first duly sworn on oath, hereby deposes and says:**

1. The information in and attached to this affidavit are true and supports my eligibility to participate in the DEP program.
2. I am an "eligible buyer" as defined in section 15-309-2, HAR and meet all of the following requirements:
  - a. I do not own any real property;

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<sup>3</sup> Default interest on the payment not made when due is permitted under Fannie Mae guidelines. Refer to the attached Exhibit A for a list of all HHFDC intended modifications to meet current Fannie Mae lending guidelines.

<sup>4</sup> Net appreciation will be calculated based on (i) payment in advance of a sale, or (ii) upon sale of the property. Refer to Exhibit A.

- b. I have not and am not receiving any gift funds for purchase of a unit in the Project; and
- c. I work in a profession that is facing a shortage as determined by the corporation, such as the list of acceptable professions included in section C of this affidavit; and
- d. I meet the eligibility requirements set forth in section 15-308-22.

**F. The Applicant and Co-buyer, if any named in this Affidavit, being first duly sworn on oath, hereby deposes and says, I/We:**

1. will maintain the eligibility requirements of the DEP program through the closing of the purchase and will update the affidavit approximately 180 days prior to closing the purchase and/or as requested by the HHFDC in its sole discretion ("recertification").
  - a. If recertification is approved, the qualified purchaser shall execute the corporation's program agreement to timely close on the unit purchased.
  - b. If recertification is disapproved, this affidavit will be automatically null and void, unless the co-buyer, if any, is an eligible buyer under the DEP program and will be the primary applicant.
  - c. If elected, continued purchase as an eligible purchaser may be permitted at the developer's original sales price, subject to the developer and corporation's review and approval. If approved, an amendment to the contract will be required (without 30-day rescission).
2. understand that the modifications in the attached Exhibit A – DEP Program Affidavit Disclosure of Intended Modifications ("Exhibit A") are necessary to comply with lending guidelines; will be incorporated in the HHFDC's DEP program agreement and sent to the qualified purchaser at preclosing; and is not cause for cancellation after the 30-day rescission.
3. shall occupy the purchased unit as the primary residence at all times until such time the corporation's equity, *interest*<sup>1</sup> and equity percentage share of the net appreciation is paid in full, except in hardship cases where the inability to reside on the property arises out of unforeseeable circumstances as determined by the corporation and a temporary waiver of the owner occupancy requirements is granted by the corporation.
4. shall not transfer title to a co-owner, child, parent, sibling or inter vivos trust, unless the corporation's equity, *interest*<sup>1</sup> and equity percentage share of the net appreciation are paid in full prior to the transfer.
5. understand that the corporation shall have the right to charge reasonable non-refundable fees for administrative expenses to process the required real estate documents under the chapter.
6. shall continue to observe, perform, and comply with all of the covenants, conditions, and restrictions pertaining to the ownership, use, occupancy, repayment and transfer of the unit during the term of the DEP program agreement.
7. shall repay the corporation's equity, *accrued interest*<sup>1</sup>, if any and the corporation's equity percentage share of the net appreciation upon the earliest of the following:
  - a. At any time after financial closing of the purchased unit at the qualified purchaser's option;
  - b. Upon sale, transfer of title, refinance or additional financing, non-owner occupancy, rental of any part of the unit, or failure to reoccupy the unit at the end of a temporary waiver period; or
  - c. Prior to expiration of the 30<sup>th</sup> year from the qualified purchaser's date of closing the purchased unit.

8. shall pay for all costs and expenses associated with purchasing a unit under the DEP program, such as attorney fees, document preparation fees, recording fees and notary fees.
9. understand that non-compliance of the DEP program shall be sufficient reason for HHFDC, at its option, to demand payment, correction within 60 calendar days from date of notification, apply a penalty, or pursue legal remedies to recapture the DEP program funds.

**I/We, the undersigned Applicant and Co-buyer, if any named in this Affidavit** have read, understand and agree with the statements made in this affidavit. By signing the affidavit, I/we certify that the information provided is complete and accurate and if found to have willfully submitted false information, made misstatements, or withheld important information relied upon to determine eligibility to participate in the DEP program, shall be deemed to be ineligible; provided that the corporation shall not waive its right to pursue any other recourse available to the HHFDC.

**SIGN IN FRONT OF A NOTARY PUBLIC**

\_\_\_\_\_  
Applicant Date

\_\_\_\_\_  
Co-buyer, if any Date

This \_\_\_\_ - page Affidavit for the DURF Equity Pilot (DEP) Program  
was subscribed and sworn to before me this  
\_\_\_\_ day of \_\_\_\_\_  
by (signor's name) \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Notary Name: \_\_\_\_\_  
Notary Public, \_\_\_\_ Judicial Circuit, State of Hawaii  
My commission expires: \_\_\_\_\_

Doc. Date: \_\_\_\_\_ #Pages: \_\_\_\_\_  
Notary Name: \_\_\_\_\_ Circuit

Doc. Description: Affidavit for the DURF Equity Pilot (DEP)  
Program for \_\_\_\_\_

Notary Signature \_\_\_\_\_  
Date \_\_\_\_\_

(Stamp or Seal)

NOTARY CERTIFICATION

## EXHIBIT A – DEP PROGRAM AFFIDAVIT DISCLOSURE OF INTENDED MODIFICATIONS

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The HHFDC has received notice that the following provisions contained in this Affidavit currently do not meet Fannie Mae guidelines. The HHFDC intends to modify the respective provisions to allow such type of mortgage loan by amending the current administrative rules to meet current Fannie Mae guidelines. An addendum reflecting the necessary modifications will be issued at a later date for review and acceptance by the qualified purchaser. **By signing this Affidavit, the qualified purchaser understands that the following modifications are necessary to comply with lending guidelines; will be incorporated in the HHFDC's DEP program agreement and sent to the qualified purchaser at preclosing; and is not cause for cancellation after the 30-day rescission.**

<sup>1</sup> Interest (deferred or otherwise) is not permitted, except for default interest on the overdue equity and equity share of the net appreciation, if any.

<sup>2</sup> The method of calculating the HHFDC's equity percentage ("standard percentage") is derived by dividing the HHFDC's Equity Amount (A) by the Developer's Original Sales Price (B).

### **DEP Program - Determination of HHFDC's Equity Percent**

A. HHFDC's Equity Amount	70,000	
B. Divided by Developer's Original Sales Price	692,800	0.10
HHFDC Percent Share in the Equity Amount	<b>10%</b>	

<sup>3</sup> "Additional" is being removed to confirm the only interest that may be charged is because of non-payment of the HHFDC equity and equity share of the net appreciation, when due and payable.

<sup>4</sup> The method of calculating future net appreciation on HHFDC's equity amount is based only on the following:  
***The amounts used below are for illustrative purposes only.***

### **In the event of a SALE,**

a.) Owner's CONTRACT SALES PRICE, in year 12	775,000
b.) MINUS – the developer's original sales price	(692,800)
c.) EQUALS – Net Appreciation	82,200
d.) MULTIPLIED BY HHFDC equity share of 10%	8,220

### **In the event of a REFINANCE, TRANSFER or NON-OWNER OCCUPANCY**

1) Property Value by <i>fair market value appraisal</i> in year 11	769,000
2) MINUS – the developer's original sales price	(692,800)
3) EQUALS – Net Appreciation	76,200
4) MULTIPLIED BY HHFDC equity share of 10%	7,620

## **VERIFICATION OF EMPLOYMENT (VOE) FORM**

Use the attached form as proof of working in a profession facing a shortage.

♦ **IMPORTANT.** Attach your employer completed and signed form to this Affidavit.



**Request for Verification of Employment (VOE FORM)**  
**HHFDC DURF Equity Pilot ("DEP") Program**

DEP Applicant Name: \_\_\_\_\_

**Privacy Act Notice:** This information contained herein shall be used by the Hawaii Housing Finance and Development Corporation ("HHFDC") to determine the applicant's eligibility to purchase a unit under Chapter 15-309, Hawaii Administrative Rules ("HAR"). **You do not have to give us this information. However, if the applicant's profession is not clearly determined, the applicant's affidavit may be rejected. Refer to the DEP Program Affidavit for detailed information. The information provided below shall be deemed confidential and used only by the HHFDC for purposes of qualifying the applicant to participate in the HHFDC DEP Program.**

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- A. EMPLOYEE:** The employee named below,
- (i) Is applying to purchase a dwelling unit offered under the HHFDC DEP program;
  - (ii) Authorizes the Employer named below to provide the information requested including title and position, to HHFDC for purposes of qualifying to participate in HHFDC's Affordable Sales and DEP programs;
  - (iii) Has completed the following for use by the Employer.

EMPLOYEE Name:(Print) \_\_\_\_\_

(Signature) \_\_\_\_\_

Residence Address \_\_\_\_\_

Best Tel. No. \_\_\_\_\_ Best time to Contact \_\_\_\_\_

*Who is your EMPLOYER?*

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- B. NOTICE TO EMPLOYER:** The employee identified in section A., is an **Applicant required to provide employment title/position information** for purposes of participating in the HHFDC DEP program.

Employer Name: \_\_\_\_\_

Address: \_\_\_\_\_

Employee's Present Title and/or Position (REQUIRED)

Employee No., if any

Date of Employment \_\_\_\_\_

Likelihood of Continued Employment ☐ YES ☐ NO

Average hours worked per week: Currently \_\_\_\_\_; Past year \_\_\_\_\_

**Certification:** State statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy proposed to influence the approval of the HHFDC. The undersigned is a representative of the Employer authorized to provide employment information for the above-named Employee; or is employed by the Employer in the capacity to provide such information (e.g. payroll department).

**Legal Name of Employer:** \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Preparer's Name (Print): \_\_\_\_\_ Phone No. \_\_\_\_\_

Email Address: \_\_\_\_\_

**EMPLOYER – RETURN COMPLETED FORM TO EMPLOYEE**