

HHFDC's Shared Appreciation Equity Agreement<sup>1</sup>  
"SAE Program"

*Frequently Asked Questions (FAQ)*

---

**Question (Q): What is the SAE Program?**

Answer (A): It is an encumbrance (or lien) on your property that requires the owner to share any Net Appreciation<sup>2</sup> in the property with the Hawaii Housing Finance and Development Corporation (HHFDC)<sup>3</sup> upon sale or transfer of the property which is deemed to have taken place when you:

- (1) sell the property;
- (2) transfer the property as a non-permitted transfer [or] as a permitted transfer without HHFDC's consent (refer to Q4 below);
- (3) no longer use the property as your principal residence; or
- (4) rent any part of the property.

If HHFDC's SAE is not paid when due, 12% annual simple interest will accrue on the amount owed to HHFDC as of the date the SAE was due and payable to HHFDC, and HHFDC will take legal action to collect its SAE.

The SAE can be paid in part or in full at any time. However, until such time, activities involving the use, sale and transfer of your property, such as, occupancy as your principal residence, mortgage refinance and/or changes in ownership title, such as transferring the property into a revocable trust; requires HHFDC's prior written consent and approval to be effective.

**Q2: What if I don't obtain HHFDC's prior written consent?**

A: HHFDC will take necessary action to enforce the options available to HHFDC under the SAE Program.

**Q3: When does the SAE Program end?**

A: The SAE will remain as a lien on the property until the SAE payment is received in full by HHFDC and the SAE Program is released by recording the SAE Release document at the Bureau of Conveyance, State of Hawaii. Until such time, the terms and conditions of the SAE Program will remain in effect on all owners of record/on title.

Owner is responsible for recording the release document after it is signed by HHFDC. Owner is advised to provide a copy of the release document to HHFDC as evidence of completing the SAE release activity.

**Q4: Can I transfer ownership of the property with a SAE restriction?**

A: Yes, the following ownership transfers are called "Permitted Transfers" and are allowed, subject to HHFDC's consent. Under these conditions, the SAE payment is not due on transfer.

- Transfer by will, descent or operation of law;
- Transfer to a relative upon owner's death;
- Transfer to a spouse or children; or
- Transfer into a revocable trust where the owners are the primary beneficiary and are the occupants of the property.

Owners are advised to contact HHFDC, in advance of the transfer, for further information and details when planning to transfer ownership title of the property. If a transfer has already occurred, Owner is advised to submit a written request to HHFDC immediately for the guidelines to correct the transfer.

---

<sup>1</sup> refers to "Grantee's Agreement to Pay HHFDC a Share of the Net Appreciated Value of the Property" as contained in your property deed as an exhibit.

<sup>2</sup> Refer to the SAE Agreement for an explanation of "Net Appreciation".

**Q5: Can I refinance my mortgage loan if I have a SAE on my property?**

A: Yes. Owners may refinance their existing mortgage loan; however the refinanced loan amount is limited depending on the intent and type of the refinance; and subject to HHFDC consent.

Owners are advised to inform the selected lender of the property being subject to the SAE Program in advance and to instruct the lender to send a written request to HHFDC on owner's behalf, by fax or mail following the "Instructions for HHFDC Consent" listed below.

Lenders may view or download the "Instructions for Obtaining HHFDC's Consent" from HHFDC's website at:

**<http://hawaii.gov/dbedt/hhfdc/faq/Consentinstructions2011.pdf>**

When submitting written requests, please identify the project and unit/lot no., owner's name(s) and property address, and the intent of what you are planning to do, such as:

- A. Selling the property;
- B. Transferring ownership:
  - i. By adding or deleting a family member;
  - ii. To a child or spouse;
  - iii. To a revocable trust
- C. Pay HHFDC's SAE in full

**Q6: Is there a cost for obtaining HHFDC's consent?**

A: Yes. HHFDC's administrative fee is assessed at certain intervals of the process owner is requiring. HHFDC's respective guidelines letters outlines the steps for obtaining HHFDC consent and approval and requires owner to submit the administrative fee together with the required documents, if owner intends to proceed with the process for which consent is requested. At a minimum, the administrative fee is \$250.00 payable to HHFDC.

**Q7: What are the "Instructions for HHFDC Consent"?**

A: If owner requires HHFDC prior written consent for activities involving their property, owner shall submit a written request by fax or mail containing the following information:

- 1. Owner Name
- 2. Project Name and Lot/Unit No.,
- 3. Property Address
- 4. Brief explanation of the reason for HHFDC's consent, such as changing ownership to add spouse or child, refinancing the current mortgage, or can no longer occupy the property as the principal residence.

Fax No.: (808) 587-0600  
Mailing Address: HHFDC - RESS  
677 Queen Street, Suite 300  
Honolulu, Hawaii 96813

Owners are advised that HHFDC requires ample time for review and processing of all written requests. Therefore, Owner is advised to plan accordingly and inform HHFDC as soon as practical, especially when intending to pay HHFDC's SAE in full due to sale of the property.

*For more detailed information, please refer to the SAE Agreement exhibit attached to your property deed then call HHFDC's Real Estate Services Section at (808) 587-0511, for clarification or if you have any further questions. If calling from the neighbor islands, call toll-free:*

Kauai, 274-3141 ext. 70511  
Maui, 984-2400 ext. 70511  
Hawaii, 974-4000 ext. 70511