

Summary of the HHFDC's SAE Payoff Process

HHFDC's SAE can be paid in part or in full at any time. However, the SAE is due upon sale or transfer of the property. Refer to section 2 of the SAE Agreement¹ which specifies when HHFDC's share of the net appreciation is due.

If owner is interested in paying HHFDC its SAE amount in advance of being due, owner or owner's representative assisting with the activity shall do the following:

- 1) Send a written request to HHFDC, and include the following information.
 - a) Owner's Contact Information (Name, Address, Telephone No.)
 - b) Property Information (Address, Project Name, Unit/Lot No., if known)
 - c) Brief explanation of the type of activity and/or what is being requested (e.g. Process to Pay HHFDC's SAE due to sale, refinance or owner's desire to remove the SAE restriction)
 - d) If the Point of Contact is other than the owner, provide complete contact information, such as Contact's Name, Company Name, mailing address, telephone and fax numbers. (e.g. Realtor assisting with the sale of the property)
- 2) **Fax or Mail** the written request to HHFDC – Attn: Real Estate Services Section (RESS), as follows. **(Important: Telephone and/or Email requests are not acceptable)**

Fax No.: (808) 587-0600
Attn: RESS

Mail to: HHFDC – Attn: RESS
677 Queen Street, Suite 300
Honolulu, HI 96813

In-person: Requests may also be delivered in person to HHFDC's office during normal business hours - Monday thru Friday from 7:45 a.m. - 4:30 p.m., except state observed holidays.
- 3) Upon HHFDC's receipt of the written request, the assigned HHFDC staff will send the current SAE Payoff Process to the requestor for review and selection to commence with the SAE payoff process, or not.
- 4) The payoff process is divided in two steps.
 - a) The initial step involves determining HHFDC's SAE amount. A minimum of three weeks is required to complete the initial step in the process, which includes requesting an appraisal report to determine the fair market value of the property, determining the method of payment and computing HHFDC's SAE amount.
 - b) The second step involves informing the owner of the SAE amount due, if any, the SAE amount and releasing the SAE Program from the property, which can take up to six-months to complete, depending on owner's preferred method of payment.
 - c) In the event of sale, owner is advised to allow adequate time to complete the process to avoid incurring additional costs and expenses.
 - d) Owner is responsible for all associated costs and expenses to satisfy and release HHFDC's SAE payment obligation, which includes HHFDC's administrative fees.

¹ The SAE Agreement refers to "Grantee's Agreement to pay HHFDC a share of the net appreciated value of the Property", which is attached as an exhibit in the property deed or lease.

5) HHFDC's Method of Computation

- a) HHFDC will compute the SAE amount due as follows:

Fair Market Value of the Property (by appraisal)
(Minus) Original Base Purchase Price
Equals: Net Appreciation

Net Appreciation
Multiplied by HHFDC's Percent Share (listed in the SAE Agreement)
Equals: HHFDC's SAE Amount

- b) Refer to section 1-F of the SAE Agreement for the meaning of "Net Appreciation" and also section 3 for an explanation of how the Net Appreciation is determined.
- c) If the SAE payment will be paid from the proceeds of the sale of the property and allowable closing costs are included in the meaning of the net appreciation, HHFDC will compute the SAE amount following the sample computation method listed in Exhibit A.
- d) HHFDC will refer to the SAE Agreement exhibit in the deed or lease to compute the amount due to HHFDC for its SAE.

 *The information contained herein is for informational purposes only.*

Owner is advised to review the SAE Agreement, which is attached as an exhibit in the property deed or lease, for further information to satisfy HHFDC's SAE payment obligation. Owner may call HHFDC after reading the SAE Agreement at (808) 587-0511 for clarification, if necessary.

HHFDC will provide the requestor with the detailed requirements upon submittal of a written request as stated above.

Exhibit A
Sample Computation of HHFDC's SAE Payment*

(For Properties built before 2000)

SAE Agreement Established At Original Sale:

(Refer to Exhibit C of the Deed for specific figures for your property)

Original Fair Market Value	\$ <u>250,000.00</u>
Original Purchase Price	\$ <u>175,000.00</u>
HHFDC's % Share of Net Appreciation	<u>30 %</u>
Buyer's % Share of Net Appreciation	<u>70 %</u>

At Resale, Transfer or Rental of Property:

Current Fair Market Value (FMV) of Property \$ 300,000.00
 (as determined by appraisal report ordered by HHFDC and paid by owner)

Minus Original Purchase Price (\$ 175,000.00)

Minus Seller's Allowable Closing Costs ** (Applicable for SAE payment at resale):

Escrow fees	<u>700.00</u>
Title Report (not including title insurance premium)	<u>300.00</u>
Conveyance document preparation	<u>150.00</u>
Conveyance taxes	<u>310.00</u>
Notary fees for Conveyance document	<u>20.00</u>
Recording fees for Conveyance document	<u>30.00</u>
Real Estate Commissions	<u>18,000.00</u>
Total Sales Closing Costs (for Resale/Transfer)	<u>19,510.00</u>

300,000 divided by 310,000 equals .9677
 FMV Actual Sales Price Factor (not to exceed "1")

.9677 multiplied by 19,510.00 equals (\$ 18,879.83)
 Factor Total Sales Closing Costs Allowable Closing Costs

Net Appreciation to be Shared by Owner and HHFDC \$ 106,120.17
 (FMV minus Original Sales Price minus Allowable Closing Costs)

Owner's Share of Net Appreciation

70 times 106,120.17 equals \$ 74,284.12
 Owner's % Share Net Appreciation

HHFDC's Share of Net Appreciation

30 times 106,120.17 equals \$ 31,836.05
 HHFDC's % Share Net Appreciation

Penalty for Non-Payment When SAE Due – ADD, if applicable

Per Diem (Daily interest due): \$ 10.4666
 (HHFDC's Share of Net Appreciation multiplied by 12% divided by 365 days)

No. of Days Past Due: 20
 (SAE payment date minus SAE payment due date)

Total Penalty Due (Per Diem multiplied by No. of Days Past Due): \$ 209.33

TOTAL SAE PAYMENT DUE HHFDC (Including Penalty if applicable) \$ 32,045.38
 (HHFDC's Share of Net Appreciation plus Total Penalty Due)

* Figures shown here are for sample computation purposes only. Actual amounts and percentages will vary.
 ** If applicable, a percentage of Seller's actual resale/transfer closing costs may be included as a deduction to determine the Net Appreciation. Refer to the SAE Agreement in the deed or lease. Escrow shall provide HHFDC with the Seller's itemized actual costs and closing statement.