

# Buyback Program – Use, Sale & Transfer & Shared Appreciation Equity (SAE) Program

## *FAQs*

### *(Frequently Asked Questions)*

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**Question (Q):      What is the Buyback?**

Answer (A): It is the requirement that all owners on title of the property must occupy and **use** the property purchased as their principal residence and that the **sale and transfer** of the property is restricted during the period that the program is in effect until the restriction expires. This restriction gives HHFDC the first option to purchase the property in the event of a sale or transfer during the restricted period.

**Q:                      When does the Buyback Program restriction end?**

A:                      The restriction automatically terminates at the end of 10 years after the recording date.

**Q:                      What is the SAE Program restriction?**

A:                      It is the buyer's sharing of the property's net appreciation with Hawaii Housing Finance & Development Corporation (HHFDC) in exchange for the buyer being given the opportunity to purchase the property at below-market price.

The percentage share is established at the time of purchase and does not change. The SAE payment amount or share of the net appreciation is based on the current fair market value of the property (not including any capital improvements made by the owner) when the payment is made.

**Q:                      When does the SAE Program restriction end?**

A:                      The SAE Program will remain in effect until HHFDC is paid its share of the net appreciation, in full. For computation of the SAE payment to HHFDC, refer to your property deed.

**Q:                      When do I pay HHFDC their share of SAE?**

A:                      Payment **must** be made when the property is:

1.      Sold;
2.      Transferred as a non-permitted transfer;
3.      No longer used as the owner's principal dwelling; or
4.      Rented.

However, owners have the option of making a partial or full payment in advance at any time. Failure to pay the SAE when due will result in accrued interest and additional charges.

**Q: Can I transfer ownership of the property with a Buyback & SAE restriction?**

A: Yes. However when both programs are in effect the Buyback Program requirements will be considered first before the SAE Program requirements.

For example, under the Buyback Program, if the owner wishes to transfer title to the property, HHFDC shall have the first option to purchase the property. HHFDC will determine the repurchase price of the property as follows:

Owner's Original Base Purchase Price

- + Allowable escrow fees paid by owner at original purchase
- + Cost of capital improvements added by owner
- + Simple interest of 1% per year on the original sales price & capital improvement costs

= HHFDC's Repurchase Price

In addition, under the Buyback Program, permitted transfer of title to family members who meet all HHFDC income and eligibility requirements must be approved by HHFDC.

Under the SAE Program, ownership transfers require SAE payment to HHFDC, unless it is a "Permitted Transfer" and HHFDC provides consent. However when the Buyback exists, Permitted transfers require family members to meet all HHFDC income and eligibility requirements.

Owners are advised to contact HHFDC for further information and details when planning to transfer ownership title of the property.

**Q: Can I refinance my mortgage loan if I have a Buyback & SAE restriction?**

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 their intended lender of the Buyback and SAE restriction in advance, and to instruct the lender to send a written request for guidelines to HHFDC at the address listed below:

HHFDC  
677 Queen Street, Suite 300  
Honolulu, Hawaii 96813  
ATTN: RESS

When submitting written requests, please identify the project name and unit no., owner(s) name and property address. Also include a brief explanation of the intent of what you are planning to do such as selling the property or transferring ownership.

Owners are advised that HHFDC require ample time for review and further processing of all written requests.

*For more detailed information, please refer to the exhibits attached to your property deed or call HHFDC's Real Estate Services Section at (808) 587-0511. If calling from the neighbor islands, call toll-free:*

*Kauai, 274-3141 ext. 70511*

*Maui, 984-2400 ext. 70511*

*Hawaii, 974-4000 ext. 70511*