

SUMMARY OF IMPORTANT RESALE COVENANT PROVISIONS

This is not a substitute for your resale covenant.

- A. **Owner's Principle Residence.** As the homeowner, you must occupy the home at least 10 months out of the year. You may not rent or lease the property, except in hardship circumstances when approved in advance by ARCH. (Section 1.1 and 1.2)
- B. **Reporting to ARCH.** ARCH will send you a letter approximately every other year reminding you of program requirements. Owners must respond to any ARCH request to verify ownership status within 10 days. (Section 1.3)
- C. **Notice of Intent to Sell.** When you wish to sell, the [City or County] has the first right to purchase the home; therefore, you must notify ARCH when you intend to sell. ARCH will assist you with the sale process, including determining the maximum resale price and buyers' eligibility. (Section 3.2) At the time of resale, ARCH charges an administrative fee.
- D. **Eligible Buyers.** Only an eligible household may buy the home. ARCH determines the eligibility of homebuyers based on their household size and income (Sections 1.4 and 1.5).
- E. **Maximum Resale Price.** To keep the home affordable to future buyers, ARCH sets a limit on the maximum resale price based on the original sales price adjusted by any increase in the area median income (Section 4.2.1). This means that the price of your home will only rise as fast as the percentage increase in the area median income during the time you own the home. The maximum resale price will never be less than the price you paid to purchase the home; however, there is no guarantee that a home will sell for the maximum price.
- F. **Home Improvements.** You are always allowed to make improvements to your home and to do so without approval by ARCH; however, if you hope to recoup any of your investment in such improvements upon resale, ARCH must approve the amount and the improvements must meet the requirements of the Resale Covenant (Section 4.2.2).
- G. **Property Maintenance.** You must maintain your home in order to be approved for the maximum resale price. Deferred maintenance may cause the maximum resale price to be reduced (Section 4.2.3).
- H. **Covenant Term.** The Resale Covenant lasts [30 or 50] years from the original sale date of the home. After the Resale Covenant expires, the homeowner may sell the home at market value to any interested buyer; however, the homeowner will only receive the same amount proceeds as if the home had been sold at the affordable formula price. Any difference between the actual sales price and the formula price is returned to the local government for other affordable housing programs. (Section 7.1) The next buyer must also sign a new Resale Covenant.
- I. **Violations.** Violations of the Covenant will be pursued by the [City or County]. If a home is rented in violation of the Covenant, the [City or County] has the right to receive any rents collected (Section 8.3). In addition, the [City or County] may lower the maximum resale price to account for any period of time that the owner violated the Covenant. If a violation is not corrected within 30 days, or if a sale or transfer is made in violation of the terms of the Covenant, the City may declare a default under the Covenant and pursue legal remedies (Section 8.1).

I acknowledge that I have read and understand this summary of basic provisions of the resale covenant.

Signature _____

Print name _____