

The City of Huntsville has elected to adopt the following recapture or resale provisions when HOME funds are used to create affordable housing.

Recapture Provision

A recapture provision of the HOME regulations pursuant to CFR Part 24 92.254(a)(5)(ii)(A)(2 & 3) will be used when HOME funded assistance is provided to reduce house selling price from appraised value to one of affordability (affordability subsidy) for people at income levels of 80% or less of Huntsville's median income. This will include an affordability period based on the amount of HOME funds used for that purpose as indicated in the following table. If down payment assistance will be provided, that amount will be added to total amount of affordability period.

AFFORDABILITY PERIOD of HOME FUNDS used for affordability subsidy

| | |
|---------------------|----------|
| <\$15,000 | 5 years |
| \$15,000 - \$40,000 | 10 years |
| >\$40,000 | 15 years |

A resale provision deed restriction will be used with an affordability period of 10 years when HOME funds are used only for construction subsidy.

Resale Provision

Resale provision deed restriction when home is sold or foreclosed on during 10 year affordability period (no HOME down payment assistance provided).

The resale provision shall apply for an affordability period of 10 years beginning with original HOME assisted owner's closing date. If the house does not continue to be the principal residence of the buyer for the duration of the period of affordability, then the housing will be sold only to a buyer whose family qualifies as a low-income family (income not more than 80% of Huntsville area median income). The City of Huntsville reserves the sole right if it so chooses to end the affordability period upon occurrence of, but not limited to any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. The City of Huntsville retains first right of refusal to purchase house should it be sold by owner or be foreclosed on. The original HOME-assisted owner is entitled to a sales price that reflects homeowner recouping homeowner's own initial monetary contribution to buy the house and fair return on any capital improvements made to the property during their ownership.