

Frequently Asked Questions

State Route 710 – Affordable Sales Program Regulations

These frequently asked questions (FAQs) pertain to a prospective buyer's determination of eligibility for participation in the Affordable Sales Program as an Affordable Buyer and address questions regarding the next steps in the purchase of property.

Q1: Why am I getting this?

You are a current or former tenant who accepted the "Conditional Offer Prior to Sale" and submitted the appropriate documentation to determine your eligibility for participation in the Affordable Sales Program.

Q2: Am I eligible to purchase?

If you have received from Caltrans the Purchase and Sale Agreement and the Declaration of Covenants, Conditions, and Restrictions for your review and signature, you are eligible.

Q3: How was my eligibility determined?

Your eligibility was determined consistent with 21 CCR § 1482, which required evidence of income, household size, tenure, and submittal of affidavits attesting that (1) you have not had an ownership interest in real property for the past three years, and (2) that you intend to occupy the property as your principal place of residence.

Q4: How was the purchase price determined?

The documentation you submitted included household size and household income. This information was used to determine your affordable housing cost. The affordable housing cost was then used to calculate your affordable price. Caltrans will offer the property for sale at the affordable price, unless your affordable price is less than Caltrans' original acquisition price adjusted for inflation. In this situation, you will have the opportunity to purchase the property at the adjusted acquisition price.

Q5: What is the original acquisition price and why is it adjusted for inflation?

The original acquisition price is the price Caltrans initially paid for the property. The properties acquired for the SR-710 Extension project were purchased over a period of approximately 40 years.

Pursuant to California Government Code section 54237(b) and 21 CCR § 1478(b)(7), Caltrans cannot sell the property for less than the original acquisition price. Further, the California Constitution, Article XIX, section 2, requires Caltrans to recapture its original purchasing power. Thus, the original acquisition price is adjusted for inflation using the California Consumer Price Index. In all cases, the price is well below fair market value.

Q6: What is the affordable housing cost?

Your affordable housing cost is a calculation based upon the household income and household size and cannot exceed 25-30% of gross income (depending on your income category of low, moderate, or above moderate, but not exceeding 150% of area median income).

Q7: What are the income limits for low, moderate, and 150% of median income?

The 2017 Los Angeles County income limits for low and moderate income are listed below. The income limits are adjusted annually and can be found on the internet at:

Category	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Low Income *	50,500	57,700	64,900	72,100	77,900	83,600	89,450	95,200
<i>Median Income</i>	<i>45,350</i>	<i>51,850</i>	<i>58,300</i>	<i>64,800</i>	<i>70,000</i>	<i>75,150</i>	<i>80,350</i>	<i>85,550</i>
Moderate Income	54,450	62,200	70,000	77,750	83,950	90,200	96,400	102,650
150% of Median	68,025	77,775	87,450	97,200	105,000	112,725	120,525	128,325

* = Low income exceeding median income is due to HUD adjustments to the Very Low-Income limit to account for high housing costs.

Q8: What is the affordable price?

The affordable price is the maximum price at which the housing cost to be paid by you does not exceed 25-30% of your gross income when applying a market interest rate over a fully amortized 30-year term. In other words, the monthly payment for your housing cost including the interest and principal on the loan, real property taxes, property insurance, utilities, and maintenance, cannot exceed your affordable housing costs.

The affordable price shall not be less than the original acquisition price adjusted for inflation and it shall not be greater than fair market value.

Q9: What are my options if my affordable price is less than the original acquisition price adjusted for inflation?

If your affordable price is less than the original acquisition price adjusted for inflation, you are still eligible to purchase the property at the adjusted acquisition price. It is incumbent upon you to secure financing for the adjusted acquisition price. If you wish to pursue purchasing the property, it is likely that your housing cost, including mortgage and interest payments, will exceed 25 or 30% of your household income. We encourage you to discuss your financing options with a financial institution.

Q10: What is the Purchase and Sale Agreement?

The Purchase and Sale Agreement is a written contract for the sale of real property. It identifies all the terms and conditions of the agreement including identification of the parties, purchase price, deposit requirement, escrow, title, condition of the property, etc. Please read the Purchase and Sale Agreement carefully to ensure you have a clear and correct understanding of the terms and conditions. Our consultant, Veterans Realty Group (VRG), is available to help you through the sales process and answer any questions you may have regarding the contract documents.

Q11: What is the Declaration of Covenants, Conditions, and Restrictions?

Any surplus, residential property sold below fair market value is subject to use and resale restrictions, including limitations on access to the property's equity if you resell. The use and resale restrictions are outlined in the Declaration of Covenants, Conditions, and Restrictions and will remain in effect until such time the property is sold to a market buyer at fair market value. Please read the Declaration of Covenants, Conditions, and Restrictions carefully to fully understand the limitations, specifically as they relate to the future transfer of the property.

Q12: How long do I have to consider the Purchase and Sale Agreement?

You have 30 days to review and accept the Purchase and Sale Agreement. The acceptance of the Purchase and Sale Agreement must be mailed by certified mail, return receipt requested, to the Caltrans' contractor, Veterans Realty Group, and must be postmarked 30 calendar days from the postmarked date of the mailing of the Purchase and Sale Agreement. The mailing address for Veterans Realty Group is:

Veterans Realty Group
462 Corona Mall, Suite 102
Corona, CA 92879
Attn: Affordable Sales Program

Q13: What happens if I decide not to purchase the property?

If you decide not to purchase the property, it will be offered to the next prospective buyer in the priority order according to the Affordable Sales Program regulations. Whether you have to move will depend upon who purchases the property. If a Housing Related Entity purchases the property, you will have the opportunity to continue renting the property at an affordable rent upon qualification. If the property is sold to a former tenant or sold at auction, you may be required to move. Caltrans will provide you plenty of notice and relocation assistance will be available for eligible tenants.

Q14: May I obtain a lawyer or real estate agent to assist me with the purchase of the property?

Yes, if you choose to retain an agent to facilitate and advise you on the purchase transaction, Caltrans will reimburse a prospective affordable price buyer up to a maximum of \$3,000 at the time escrow closes. Such agent must be properly licensed by the California Bureau of Real Estate or the State Bar of California.

Q15: How long do I have to close escrow?

You will have 120 calendar days to close escrow from the time the Purchase and Sale Agreement is signed by all parties. Caltrans will grant a 30 calendar day extension if you submit a written request prior to the expiration of the 120 calendar days.

Q16: How do I obtain financing and will I be required to make a down payment?

Typically, homes are financed through banks or mortgage companies. Obtaining a loan requires verification of your income and an evaluation of your expenses to determine your ability to make the monthly mortgage payment. Your credit score and credit history are also factors. While you may pursue your own financing, the California Housing Finance Agency is familiar with the Affordable Sales Program and can answer questions regarding financing, including down payment requirements. The California Housing Finance Agency Chief of Single Family Lending, Nick Kufasimes, can be reached at (916) 326-8050.

Q17: Does my credit score matter?

Yes. There are many loan products on the market and each product may require a minimum credit score. A knowledgeable loan officer can assess your financial situation and tell you what credit score you will need to qualify for their specific loan products.

Q18: When do I need to start the loan process?

You should begin the process of securing a loan after receipt of the fully executed Purchase and Sale Agreement. However, if you have any concerns regarding qualification, we encourage you to explore financing options prior to signing the Purchase and Sale Agreement.

Q19: What is the next step after I sign the contract documents and begin the loan process?

The sale of the surplus, residential property requires the approval of the California Transportation Commission (CTC). Upon receipt of the signed contract documents, Caltrans will begin the process of seeking CTC approval. Verification of loan approval is necessary prior to the matter being placed on the CTC agenda for a vote.

Q20: Why is CTC approval necessary?

Street and Highways Code § 118 provides for the disposal of real property that is no longer necessary for transportation purposes. Caltrans may sell such real property in a manner and upon the terms, standards, and conditions established by the CTC. Any conveyance under Street and Highways Code § 118 is subject to CTC's approval and no sale is binding upon the State until receiving such approval.

Q21: Am I allowed to have a co-signer assist me with the purchase of the property?

If you need assistance in qualifying, a co-signer may be permitted to assist you in your financing effort. Any co-signer must meet any lender requirements. If you have questions, please contact our consultant, VRG at (951) 444-7360.

Q22: What if I'm not approved for a loan?

If you are not able to secure financing for the purchase, the property will be offered to the next prospective buyer in the priority order as per the Affordable Sales Program regulations.

Q23: Will a home warranty be provided?

Yes. Caltrans will provide a one-year home warranty protection plan which will include coverage for water heaters, air conditioning, heating, and cooking appliances (oven, stove, range).

Q24: My home requires repairs. Will Caltrans make repairs?

Yes. Caltrans will complete reasonable lender required repairs for affordable priced buyers.

Q25: What about a termite inspection?

Termite inspections are required and will be paid for by Caltrans. Any required repairs will be completed and paid for by Caltrans.

Q26: Who pays for escrow closing costs?

For affordable price buyers, Caltrans will pay for customary and reasonable seller's closing costs and the buyer's reasonable, non-recurring closing costs.

Q27: What is relocation assistance?

Relocation assistance provides advisory assistance and relocation benefits to eligible, displaced tenants to assist in locating comparable replacement housing. Eligible, displaced tenants will be assigned a Relocation Agent who will explain relocation benefits, provide assistance in obtaining replacement housing, and assist in completing and processing claims for monetary benefits. Monetary benefits include payment for your moving expenses and replacement housing payments. The maximum contribution toward replacement housing is \$5,250, however additional benefits may be available to eligible, displaced tenants on a case-by-case basis. This monetary contribution bridges the gap between your current monthly rent and the rent of comparable replacement housing. *If you move prior to receiving a Relocation Benefits Letter you may jeopardize your relocation benefits.* More detailed information will be provided to displaced tenants at a later date.

Q28: How can I get more information?

You may contact Veterans Realty Group at (951) 444-7360, visit the SR-710 Affordable Sales Program website at <http://www.dot.ca.gov/d7/business/710sales/>, or call the Affordable Sales Program hotline at (213) 897-8184.