



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Special Applications Center  
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OFFICE OF PUBLIC HOUSING

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EXECUTIVE OFFICE

Mr. Henry A. Alvarez III  
President and CEO  
San Antonio Housing Authority  
818 S. Flores Street  
San Antonio, TX 78204

Dear Mr. Alvarez:

On December 2, 2004, the Special Applications Center (SAC) approved the San Antonio Housing Authority's (SAHA) Section 32 Homeownership Plan (Plan) to sell 191 units at the following developments.

Development Number	Development Name	No. Of Units
TX006125	Springview Scattered Site	21
TX006131	Blueridge HOPE VI	83
TX006132	San Joaquin HOPE VI	17
TX006133	NW 34 HOPE VI	14
TX006134	Fortuna HOPE VI	46
TX006136	Springview	10
Total		191

As of August 2, 2007, PIC shows that 100 properties were sold to eligible families and of this number, 98 homes have been reported as removed from the inventory. Subsequent to the sale of these properties, concerns were expressed by the homeowners including poor workmanship and construction materials and environmental concerns were raised that required testing and remediation. The existing owners no longer desire to occupy the homes. Therefore, the SHA submitted a modification to the SAC on May 16, 2007, requesting approval to use the net proceeds of sale to repurchase up to 100 homes at fair market value (FMV) from the from the affected families.

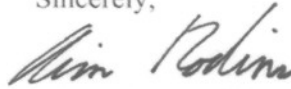
The SAC has completed its review of the SHA's request to use the net proceeds of sale from the Section 32 program in order to repurchase up to 100 homes and to suspend the "Recapture of Proceeds" provision of the Plan in order to specifically address the needs of affected families. The SHA's request is approved with the following conditions: 1) the SHA must reimburse the account that was established for the proceeds of sale; 2) the SHA may only

sell the repurchased homes to eligible low-income families and; 3) the SHA must certify that the properties have no known defects prior to the sale. Once the homes are repurchased, the SHA must provide the SAC with the property addresses so that PIC can be updated.

All other conditions of the approval remain as stipulated in the December 2, 2004 approval. The HUD San Antonio Office of Public Housing has been informed of this revised approval, and its staff is available to provide any technical assistance necessary for your agency to proceed with the Section 32 Homeownership Program.

The Department wishes you continued success in implementing your Homeownership Program. Should you have any questions regarding this matter, please contact Sunny Grover, Public Housing Revitalization Specialist, at (312) 886-9754, Extension 2329.

Sincerely,

A handwritten signature in cursive script that reads "Ainars Rodins".

Ainars Rodins, P.E.  
Director

## EXHIBIT E

### Repurchase Agreement

The San Antonio Housing Authority (SAHA) is working diligently to resolve the recurring concerns related to the single-family homes constructed in 2000 as part of the Mirasol HOPE VI Revitalization Grant. The issues raised have ranged from matters regarding the construction materials and workmanship, to fears of health and environmental concerns in the homes.

While SAHA has engaged environmental experts to conduct tests to address the health-related concerns and have conducted assessments and repairs in many of the homes, a number of the residents have communicated that, regardless of the eventual scientific findings, they no longer wish to own or rent the homes.

In response, SAHA proposes utilizing net proceeds from previous home sales to repair and/or buy back the homes of dissatisfied homeowners of record as of April 1, 2007. Those funds currently total \$3 million, and are held by the San Antonio Housing Opportunities Corporation (SAHOC), which is the administrator of the Section 32 Homeownership Program.

Additionally, SAHA proposes to offer the conversion of current "Capital Accumulation Account" balances of lease/purchase participants to down payment assistance towards the purchase of any home of their choosing during the term of the lease purchase agreement.

There are 159 single-family homes in the four Mirasol homeownership subdivisions of Villas de Fortuna, Palm Lake, Sunflower and Blue Ridge. Of the 159 homes, homeowners occupy 80, lease/purchase participants currently rent another 25, and the remaining 54 are presently listed for sale to qualified, low-income homebuyers. The proposed repurchase process would be as follows:

#### CURRENT HOMEOWNERS

Once SAHA receives written approval from HUD to repurchase homes, homeowners of record as of April 1, 2007, have up to 180 days, to opt for either:

##### **Option No.1**

SAHA will have up to 180 days to repair items identified by the homeowners in a home assessment, and if the homeowner is not satisfied with the repairs performed or is requesting that they no longer want to own their home before or up to 180 days, they can elect to have their homes repurchased by SAHA under the provisions in **Option 2**.

OR

**Option No. 2**

SAHA will offer to re-purchase the Home at its current fair market value ("Purchase Price"). The Purchase Price will be determined by taking the average of two (2) independent real estate appraisals performed by state certified Appraisers, chosen by the homeowner and SAHA, respectively, with the cost of each appraisal paid by SAHA.

For example, a family may have purchased a home 18 months ago for \$80,000, with a \$7,000 "Capital Accumulated Account," an \$8,000 forgivable second mortgage (some of which paid for closing costs), and a remaining first mortgage of \$63,000 and a seller contribution of \$2,000. Owners are requesting and SAHA is supportive of full forgiveness of the 2nd mortgage and a current fair market appraisal average of \$82,000, under the proposed buy-back offer:

**EXAMPLE: Original Sale**

Sales Price:	\$80,000
Funds provided:	
Capital Accumulation Account	\$ 7,000
1 <sup>st</sup> Mortgage	\$63,000
2 <sup>nd</sup> Mortgage	\$ 8,000
Owner Funds – Equity	\$2,000
<b>Total Funds: \$80,000</b>	

**EXAMPLE: Repurchase (typical average transaction)**

Purchase Price (or Market Value)	\$82,000
Funds Used:	
1 <sup>st</sup> Mortgage	\$63,000
2 <sup>nd</sup> Mortgage-Forgivable Accelerated	\$ 0
<b>Funds to Seller: \$19,000</b>	

Upon buy-back, the homeowner will sign a mutually agreeable release and would be responsible for any pro-rated property taxes, lien releases and the pay-off of any mortgage on the Home, as well as related moving costs. SAHA would not pay any real estate sales commissions, but will incur all other normal closing costs. SAHA will also accelerate the forgiveness clause in the second mortgage, so that the second mortgage will not be repaid.

**CURRENT 5(h) LEASE/PURCHASE PARTICIPANTS**

For the remaining participants on the 5(h) Homeownership Lease/Purchase program and residing in one of the four Mirasol homeownership subdivisions. Because several of these families have also expressed similar concerns with their homes, SAHA proposes three options be offered to the families.

**Option No.1**

If a program participant wishes to continue to work toward qualifying for the purchase of their present home, we will complete all repairs to the renter's satisfaction.

OR;

**Option No.2**

For any lease/purchase participants who would rather buy a different home, we will transfer their lease/purchase (Capital Accumulation Account) towards the purchase of any home of the participant's choosing including homes not owned by SAHA.

OR;

**Option No.3**

In the instance in which a lease/purchase participant chooses not to pursue homeownership, finds they are unable to qualify for a mortgage, or unable to close the purchase transaction for any reason by the end of the lease purchase period, SAHA will advise the participant of all of the options available to them in Section I. Non-purchasing residents.