

April 7, 2026

**Via Electronics Mail**

Chad Cooper  
Lynn P. Sherman  
C/O David Hazward

I am writing in response to a request from you realtor, David Hazward regarding a resale price and restrictions on selling your property located at 79338 Cool Reflection, La Quinta, California, under the provisions of the second trust deed loan you received from the City of La Quinta Redevelopment Agency ("Agency"), which is now being administered and maintained by the La Quinta Housing Authority ("Authority") that was provided to this property in August, 2006 under the La Quinta Housing Program – Watercolors Senior Housing Project.

You received a "silent" second trust deed loan from the Authority because you could qualify as moderate-income in purchasing a home. When combined with the maximum first mortgage you could obtain, the Authority's second trust deed loan allowed you to buy a home. The Authority loan requires that for the 45-year term (August 2051), you sell to another moderate-income household at a sales price that results in a monthly affordable housing cost to the buyer. If the home sells as an affordable unit, the purchaser will obtain their new first mortgage and assume the existing Authority loan of \$56,000 for the remainder of the 45-year term (August 2051).

The 2025 income limits<sup>1</sup> for moderate-income households would be households that would have combined gross incomes that fall within the range below.

	<b>1 person</b>	<b>2 people</b>	<b>3 people</b>	<b>4 people</b>
<b>Not less than</b>	62,651	71,601	80,551	89,501
<b>Not more than</b>	87,300	99,750	112,250	124,700

Monthly affordable housing cost means that the total monthly housing costs (the principal and interest payment on the first mortgage, property taxes and insurance, mortgage insurance and homeowner's association fees of \$316, and a \$75 monthly utility allowance) must be less than the monthly amount established by California Redevelopment Law, which in this case is \$3,333 for a moderate-income household in a unit this size.

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<sup>1</sup> 2025 income limits will continue to be utilized until 2026 income limits are released by the State of California Department of Housing and Community Development.

This is a 3-bedroom home. Based on a home of this size, I have to make several assumptions that will enable me to calculate a sales price for this property that would maintain the property's recorded affordability and resale restrictions. To do this, I have to use a "worst case" example because a potential buyer's situation is not known before the property is listed for sale. Therefore, the assumptions I used are that: the buyer will make a down payment of 3% and be able to obtain a conventional loan at a 7% interest rate. These assumptions result in a sales price of approximately \$434,000. If the buyer received a loan that required mortgage insurance, the maximum sales price would be roughly \$406,000 to maintain the affordability restrictions. If a potential buyer could obtain a lower interest rate or increase the downpayment, the sales price could be increased slightly, market conditions permitting. **The MAXIMUM downpayment for this property cannot exceed 20% of the total sales price, which would result in a sales price of approximately \$517,500. Therefore, the listing price for this property would need to fall between \$406,000 and \$517,500. Be advised that the property must be able to obtain an appraisal to support the purchase of the property at the listed price. Listing the property at a price that exceeds what the market will bear will not have an appraisal that supports the purchase. If listed at the higher amount, the potential pool of buyers is reduced significantly.**

Please understand that the above sales prices are the maximum sales prices that will maintain the affordability restrictions under the scenarios I described above. Therefore, the sales prices I have provided should not be interpreted as the market value of this property, which I am not qualified to establish. However, because your property has recorded affordability restrictions, the value of your property is not market value; it is the value that will maintain these restrictions. Additionally, the property should be priced attractively, so there is an incentive for a potential moderate-income purchaser to be willing to assume the existing second trust deed loan and its restrictions.

If the home is sold as an affordable unit, you will keep any equity, less the Authority loan, and after the first mortgage loan (if applicable) and closing costs have been paid. The Authority loan would remain an encumbrance on the property and assumed by the buyer for the remainder of the 45-year term (August 2051).

I hope this adequately addresses your questions. I am always available to answer any questions and can be reached at (760) 900.9668.

Sincerely,  
*Becky Caha*  
Becky Caha

Housing Program Consultant

cc: Douglas Kinley, III, La Quinta Housing Authority (via email)  
Reyna Camarena, La Quinta Housing Authority (via email)  
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Lynn Sherman and Chad Cooper (via email)

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