

**HOUSING OPPORTUNITY
PURCHASE PROGRAM**

HOPP

WESTPORT, MA

INFORMATION & APPLICATION

March 2013

Westport Affordable Housing Trust Fund
Housing Assistance Office
816 Main Road Westport, MA
P: 774-264-5126/ 617-270-3912

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GENERAL INFORMATION

This packet contains information for the Housing Assistance Purchase Program (HOPP) in Westport, including program overview, eligibility requirements, grant and purchase price conditions, the lottery process and application.

The Westport Affordable Housing Trust Fund is also creating a Ready-Buyer List through the lottery to offer qualified and prospective buyers the opportunity to any future resale of existing affordable units.

IMPORTANT DATES:

- March, 15, 2013: Application Period opens
- Wednesday, April 10, 2013, 7:00 PM: Informational Session; Macomber Primary School, 155 Gifford Road, Westport, MA
- **Tuesday, May 28, 2013 3:00 PM: Application Deadline**
- Wednesday, June 12, 2013, 7:30 PM: Lottery; 816 Main Road, Westport Town Hall, Westport MA

This application is a first step in the lottery process and does not assure you a home. Applicants must secure approval for a mortgage loan and submit evidence of such approval together with the application. Only one application per household will be accepted, there is no need to submit multiple applications.

Please contact the Housing Assistance Office for any questions.

Leonardi Aray
Housing Specialist
Town Hall
816 Main Road
Westport, MA 02790

Phone: 774.264.5126 or 617.270.3912

E-Mail: housing@westport-MA.gov

HOUSING OPPORTUNITY PURCHASE PROGRAM (HOPP) IN WESTPORT

Program Overview

The Town of Westport, in order to more effectively undertake locally-initiated affordable housing projects, established the Westport Affordable Housing Trust Fund (The Trust), per Massachusetts General Laws Chapter 44 Section 55C (MGL c.44 s.55C), through a 2/3 vote at the May 2009 Town Meeting. The mission of the Housing Trust is to provide for the creation and preservation of affordable housing in the Town for the benefit of low and moderate income households.

The Trust has voted to make available **grants UP-TO \$105,000** each to be awarded to income and asset qualified households for the purpose of “buying down” the selling price of existing-market rate housing in Westport. The grant award is dependent on the size of the home to be purchased. **Grants will be the lesser of the maximum grant applicable or the amount between the maximum affordable sale price and the actual sale price (See Attachment A).** In addition, the program will reimburse each buyer up-to \$1,000 toward initial home inspections and any additional inspections required under this program.

Income and asset household’s qualifications are set forth in the Comprehensive Permit Guidelines issued by the Department of Housing and Community Development (DHCD). HOPP in Westport will create “Local Action Units” under the DHCD Local Initiative Program (LIP).

The homes purchased through this program will be subject to a **deed rider that will permanently restrict the value of the home** and will require that upon resale, the home be conveyed to an income and asset eligible household through an affirmative fair marketing/non-discriminatory process according to DHCD guidelines. The unit will be eligible for inclusion in the Town’s Subsidized Housing Inventory (SHI).

A marketing campaign will run for 60 days during which time the Trust will market and advertise the grant availability according to the guidelines issued by DHDC for the LIP program. Participants to the program will be selected by lottery.

ELIGIBILITY REQUIREMENTS

To qualify, households must be eligible under the Department of Housing and Community Development Local Initiative Program Guidelines as summarized below. To be eligible, the combined gross annual income for all household members, from all sources in the household must be at or below 80% of the Providence-Fall River Metro Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD).

Applicants must be First-time Homebuyers.

A first-time homebuyer is defined as not having owned a home or interest in a home in the past three (3) years, with the exception of:

1. Displaced homemakers, where the displaced homemaker (an adult who has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family), while a homemaker, owned a home with his or her partner or resided in a home owned by the partner;
2. Single parents, where the individual owned a home with his or her partner or resided in a home owned by the partner and is a single parent (is unmarried or legally separated from a spouse and either has 1 or more children of whom the individual has custody or joint custody, or is pregnant);
3. Households where at least one household member is 55 or over;
4. Households that owned a principal residence characterized as manufactured housing or otherwise not permanently affixed to a permanent foundation in accordance with applicable regulations;
5. Households that owned a property that was not in compliance with State, local or model building codes and that cannot be brought into compliance for less than the cost of constructing a permanent structure.

Maximum Household Assets are limited to \$75,000.

See Attachment “C”. The value of Assets is determined using the method established in the DHCD LIP Guidelines, Appendix II– A.2 as may be revised by DHCD.

Combined annual gross income per household members (all sources and for all households members) should not exceed the 80% of the Providence-Fall River Metro AMI as defined by HUD.

Current Maximum Income Limits:

1-Person	2-Person	3-Person	4-Person	5-Person	6-Person
\$ 40,250	\$ 46,000	\$ 51,750	\$ 57,500	\$62,100	\$66,700

Applicants must meet the program income limits in effect at the time they apply for the program and must continue to meet the program income limits in effect at the time when they actually purchase a home.

Mortgage Loan Criteria

The household must demonstrate the funds available to make a 3% down payment (after deducting the grant); half of which must come from the buyer’s own funds. The household must be able to obtain a mortgage that meets the LIP Program Standards for Mortgage Loan, including that:

- The loan must have a fixed interest rate through the full term of the mortgage.
- The loan must have a current fair market interest rate.
(No more than 2 percentage points above the current Masshousing Rate*)
- The interest rate must be locked in – not floating.
- The buyer **may not pay more than 38%** of their monthly income for monthly housing costs.
- Loans from non-institutional lenders will not be accepted.
- FHA does not accept the deed rider that survives foreclosure.

GRANT AND PURCHASE PRICE GUIDELINES

The purpose of the HOPP in Westport is to provide affordable housing opportunities through existing market rate units to income and asset qualified households. Current market rate homeowners will have the opportunity to sell their property at fair market values while creating affordable opportunities in established neighborhoods.

The Westport Affordable Housing Trust Fund will provide grants, **UP-TO \$105,000/each**, to income and asset qualified households to purchase a market-rate home so that the purchase price will fall within the affordability range for the household size most likely to occupy the home. See Attachments "A" and "B" for more information.

<u>Maximum Grant Amounts:</u>	\$70,000	for 1 Bedroom units
	\$80,000	for 2 Bedrooms units
	\$90,000	for 3 Bedrooms units
	\$105,000	for 4 or + Bedrooms units

In addition to the grant, the program will reimburse buyers up to **\$1,000 per participant** household toward initial home inspections and any additional inspections required under this program. Property inspections by qualified Massachusetts-licensed inspectors are required for units purchased through this program. If the seller would not be responsible for, participants must pay for any additional amounts for repairs required to be made to the property as a result of any inspection performed.

Deed Rider: The home purchased through the program will be subject to a deed rider that will permanently restrict the value of the home and will require that upon resale, the home be conveyed to an income and asset eligible household. The deed rider ensures that the unit stays affordable in perpetuity. All applicants must sign an acknowledgment of receipt of the deed rider and the Homebuyer Disclosure Statement.

Each property purchased through this program must be eligible for inclusion on the state's Subsidized Housing Inventory. Grant monies will not be disbursed if any aspect of the property, the financing, or the

transaction would preclude the unit from inclusion on the Subsidized Housing Inventory.

The maximum grant amount will support the purchase of a home where the number of bedrooms is appropriate to the household size.

Grant amounts will not count towards a household's maximum asset amount. Grants amounts will be paid by the Trust at the closing to the seller of the home.

Property Eligibility

The Westport Affordable Housing Trust Fund will have the sole authority to determine if a home is eligible. Eligible homes should meet the following criteria:

1. Must be on a parcel located entirely in the Town of Westport, MA.
2. Cannot be subject to an existing affordability restriction.
3. Be appropriate to the household size, see attachment "B".
4. Must become the primary residence of the applicants.
5. A satisfactory septic system or other adequate means of sewage disposal must be in place. If a property does not have a current, passing Title V Certificate or other evidence of adequate sewage disposal, the seller must remedy or replace the system with their own funds or by obtaining funds from an approved assistance repair program in order to remedy or replace the system, so that a passing Title V Certificate is obtained.
6. The property must be determined to be in good, safe and habitable condition by the Westport Affordable Housing Trust Fund. The property should be in compliance with the basic life and safety requirements of the MA (Residential) State Building Code.
7. Units shall contain complete living facilities including a stove, kitchen cabinets, plumbing fixtures, a refrigerator, microwaves, and access to laundry facilities.

8. The following inspections shall be required and all inspection reports and test result documentation must be provided to The Trust for approval. All inspections shall be completed within three weeks after the acceptance by the seller of an Offer to Purchase Real Estate, which must be conditional upon satisfactory inspections.
 - Water quality testing by a qualified professional from an interior faucet, which meets HUD/FHA loan requirements by testing for Coliform, E. coli, lead, nitrate and nitrite.
 - Property inspections by qualified Massachusetts-licensed inspectors. The property inspection must address all the items normally covered in a standard home inspection report as defined in 266 CMR 6:00 Standards of Practice.
 - Acceptable Radon Tests.
 - Other inspections deemed necessary.
9. Buyers should be aware that the state Department of Housing and Community Development and the buyer's lender may make additional stipulations regarding the property's condition.
10. Except for routine maintenance as defined by Section 3401.2 and ordinary repairs exempt from a building permit as defined by Section 105 of the MA Building Code, the property should not require other repair work within five years of purchase . The Trust in its sole discretion may provide funds for repairs; the total financial assistance will never exceed the guidelines of this program.
11. **Condominiums:** the Trust will review the condominium association and condominium documents. The Trust will determine if there are substantial issues with condominium documents; instability in the condominium association; pending or proposed lawsuits against the association that might result in it becoming financially unstable; and current or potential special assessments that might make the condominium unaffordable to the buyer. At its discretion the Trust may deny approval of a grant to purchase a condominium unit.

LOTTERY PROCESS & GENERAL APPLICATION INFORMATION

This section contains specific information about the lottery process to award qualified households a grant to purchasing a home in Westport offered by the Westport Affordable Housing Trust Fund.

We invite you to read this information before submitting an application to the Housing Opportunity Purchase Program (HOPP).

Lottery Application Guidelines

The application period will be at least 60 days. From March 15, 2013 to May 28, 2013. To ensure the fairness of the application process, applicants will not be required to deliver application materials and will be permitted to mail them. Applications must be postmarked by May 28, 2013. No Exceptions will be made. The “HOPP application” is included with this packet.

Applications are available at:	
Westport Town Hall Housing Assistance Office 816 Main Road Westport, MA 02790	Westport Free Public Library 408 Old County Road Westport, MA 02790
By e-mail: housing@westport-ma.gov	
By phone: 774.264.5126 or 617.270.391	

Applicants are required to be in regular contact with the office during the submission of materials.

The lottery application will address a household's:

- Income and assets qualifications
- Size and composition
- Minority status (optional disclosure by the household)
- Eligibility as a first-time buyer
- Eligibility for local preference

**ONLY APPLICANTS WHO MEET QUALIFICATION REQUIREMENTS
WILL BE INCLUDED IN THE LOTTERY.**

The Westport Affordable Housing Trust Fund does not discriminate in the selection of applicants based on race, color, disability, religion, sex, familial status, sexual orientation, national origin, genetic information, ancestry, children, marital status, or public assistance recipient.

People with disabilities are entitled to request a reasonable accommodation of rules, policies, practices, or services. Requests may be made by calling the Housing Assistance Office, 774-264-5126.

Lottery Procedures

Eligible applicants will be given lottery numbers and told the date, time and place of the lottery. It is NOT mandatory to attend the lottery.

At the lottery, the lottery numbers will be drawn at random by a Lottery Agent selected by The Trust and witnessed by representatives of the Town in a public setting. The drawing will create one list of eligible applicants from the Local and Open lottery pools. This is done in a pattern of five as follows:

Ticket Number	Selected From
First Draw	Local Pool
Second Draw	Open Pool
Third Draw	Local Pool
Fourth Draw	Open Pool
Fifth Draw	Local Pool

This pattern is then repeated until all tickets are drawn. All applicants will be informed of their ranking on the list. The Lottery Agent shall maintain the list for up to two years. However, other factors such as the number of households remaining on the list and the likelihood of the continuing eligibility of such households may inform the retention time of the list, subject to the approval of DHCD.

Local Preference: Any person or household who qualifies under the local preference shall have equal consideration in the Local Pool and will also be eligible in the Open Pool. The local preference is defined further as residents of the Town of Westport, MA to include:

- **Current residents:** A household in which one or more members is living in Westport at the time of application. Documentation of residency should be provided, such as rent receipts, utility bills, street listing or voter registration listing.
- **Town Employees:** Employees of the town of Westport, such as teachers, janitors, firefighters, police officers, librarians, or town hall employees.
- **Employees of Local Businesses:** Employees of businesses located in Westport.
- **Households with children attending Westport's schools.**

Preferences extended to local residents should also be made to applicants who demonstrate that they expect to live in the preference area because of a bona fide offer of employment.

In no event may a local preference exceed more than 70% of the total homebuyers selected through the lottery.

The Town will make efforts to prevent a disparate impact or discriminatory effect during the selection process. In the event that the pool of applicants with a local preference does not include at least 14.4% of households who have one or more member who is a minority as defined below, then a preliminary lottery will be held. In such case, eligible minority applicants included in the Open pool would be moved to the Local pool through a preliminary lottery. The goal is to bring the percentage of minority applicants in the local preference pool to equal the percentage of minorities in the HUD-defined Providence-New Bedford-Fall River Metropolitan Statistical Area (14.4%).

Minorities should be identified in accordance with the classifications established by HUD and the U.S. Census Bureau, which are the racial classifications: Black or African American; Asian; Native American or

Alaska Native; Native Hawaiian or Pacific Islander; or other (not White); and the ethnic classification Hispanic or Latino.

Applicants are able to self identify as a minority member on the "Check List" included with the Application Packet.

After the Lottery

The top three households on the list of eligible applicants from lottery are awarded the grant opportunity. In the event that any of the participants are unable to purchase a home within 120 days, are unable to obtain financing, do not comply with guidelines, or withdraw for any other reason, the next highest ranking qualified applicant from the same pool (Local or Open) on the list of eligible applicants from lottery will be offered the grant opportunity. A withdrawn selected homebuyer may apply to the next available round.

At the discretion of The Trust, extensions totaling up to 90 days may be granted. Extensions will be granted only when circumstances outside of a participant's control have prevented them from closing before their deadline. The participant may be required to provide additional documentation to demonstrate that good-faith efforts toward completing a transaction are underway.

All lottery winners must attend and obtain a completion certificate from an accepted **FIRST-TIME HOMEBUYER CLASS PRIOR TO CLOSING**. See Attachment "E" for a list of first-time homebuyer courses. Grants amounts will be paid by the Trust at the closing to the seller of the home.

APPLICATION PACKET

Households wishing to apply for the Housing Opportunity Purchase Program in Westport will complete a "HOPP Application" and submit the required documentation by the submission deadline. Applications will be pre-qualified based on submitted documents. Once the 60 day marketing period is over, all pre-qualified applicants will be listed as eligible to participate in a lottery to be held on Wednesday June 12, 2013.

Applications are available at:	
Westport Town Hall Housing Assistance Office 816 Main Road Westport, MA 02790	Westport Free Public Library 408 Old County Road Westport, MA 02790
By e-mail: housing@westport-ma.gov	
By phone: 774.264.5126 or 617.270.391	

An informational session is scheduled for Wednesday, April 10, 2013, 7:00 PM; Macomber Primary School, 155 Gifford Road, Westport, MA. The session will be held to answer questions about eligibility requirements. It is not mandatory that interested applicants attend the informational session.

APPLICATION DEADLINE IS TUESDAY, MAY 28, 2013

ALL APPLICATIONS MUST BE POSTMARKED BY THAT DATE.

Completed applications can be dropped off at or mailed to:

Housing Assistance Office

Westport Town Hall

816 Main Road, 2nd Floor

Westport, MA 02790

E-Mail: housing@westport-MA.gov

LATE APPLICATIONS WILL NOT BE ACCEPTED

CHECK LIST

THIS APPLICATION IS NOT COMPLETE IF NOT SUBMITTED WITH:

- Completed application signed by all individuals over the age of 18.
 - Copy of 2010, 2011 and 2012 Federal and State tax returns, as filed, with the most recent year's 1099's, W-2's and schedules, for every current or future person living in the household over the age of 18.
 - Copy of three consecutive pay stubs, for salaried employed household members over 18, longer for seasonal and hourly workers.
 - Current statements and documents that indicate the payment amounts from all other sources of income of all members listed on the application, such as alimony, child support, Social Security benefits, pensions, unemployment compensation, workman's compensation, disability and any other form of income.
 - Current statements of all assets, on financial institution letterhead, showing current value including all bank accounts, investment accounts, cash life insurance policies, retirement accounts. Include copy of last three months of each asset statement.
 - Mortgage pre-approval, consistent with "LIP Standards for mortgage Loan" as in Attachment "D", and proof of adequate assets to cover down payment and closing costs.
 - Documentation regarding eligibility of local preference, if applicable.
 - Documentation regarding current interest in real estate, if applicable.
 - Optional*: Please check all that apply for each household member:
 - Black or African American
 - Asian
 - Other (not White)
 - Native American or Alaska Native
 - Native Hawaiian or Pacific Islander
 - Hispanic or Latino
- *See pages 12 & 13 for "Lottery Procedures and Local Preference".
- No Income Statement, signed and notarized, for any household member over 18 with no source of income, if applicable, containing the language "Under penalties of Perjury".
 - No Child Support Statement, signed and notarized, if applicable, containing the language "Under penalties of Perjury".

HOPP IN WESTPORT APPLICATION

1	Applicant Legal Name			
	Phone Number			
	E-mail			
	Address			
	City/Town		State/Zip Code	
2	Co-Applicant Name			
	Phone Number			
	E-mail			
	Address			
	City		State/Zip Code	
3	I learned of this lottery from (check all that apply):			
	Online at:		Letter	
	Flyer		Newspaper Ad	
	Other			
4	Do you own or have an interest in any real estate, land and/or mobile home?			
	YES	NO		
	Address			
	Current Value			
5	Have you sold real estate or other property in the past three years?			
	If yes, attach settlement statement			
	YES	NO		
	When			
	Address			
6	Local Preference: See <i>Lottery Procedures</i> and <i>Local Preference</i> on pages 12 & 13, and the <i>Check List</i> on page 16. If conditions apply to your household indicate "YES" and submit supportive documentation.			
	YES	NO		

THIS PAGE IS FOR OFFICE USE ONLY

Date of Receipt	_____
Time of Receipt	_____
Control Number	_____
Household Size	_____
Preference Category	_____
Other	

Household Information - List all members of your household including yourself

Number of Bedrooms Needed: _____

	Names of all Persons to Reside in Dwelling (First Name, Middle Initial, Last Name)	Relation to Head	Age	Date of Birth
1-Head				
2				
3				
4				
5				
6				

Household members over the age of 18:

 Name Signature

 Name Signature

 Name Signature

Income - List all income of all members over the age of 18 listed on the application to reside in the unit, such as wages, child support, Social Security benefits, all types of pensions, employment, Unemployment Compensation, Workman's Compensation, alimony, disability or death benefits and any other form of income; including rental income from property. Adults with no income are required to submit a notarized statement. If additional space is needed, please attach another sheet.

	Source of Income	Address/Phone # of source	Amount per Year
1			
2			
3			
4			
5			
6			
TOTAL			

Assets - Household assets may not exceed \$75,000 in net cash value. The value of Assets is determined using the method in the DHCD Comprehensive Permit Guidelines Appendix II–A.2. See Attachment “C”.

	Type of Asset	Account No.	Value, Balance
1	Checking Account		
2	Savings Account		
3	Retirement Account		
4	Other:		
5	Other:		
6	Other:		
TOTAL			

APPLICANT(S) CERTIFICATION

I/We certify that our household size is _____ persons, as documented herein.

I/We certify that our gross household income equals \$_____, as documented herein.

I/We certify that our household has assets totaling \$_____, as documented herein.

I/We certify that no member of our household has owned real estate in the last 3 years, or if so, that each individual having owned real estate in the last 3 years meets at least one of the exceptions noted in the “First-Time Homebuyer” under the eligibility requirements described for this program.

I/We certify that the information in this application and in support of this application is true and correct to the best of my/our knowledge and belief under full penalty of perjury. I/We understand that false or incomplete information may result in disqualification from further consideration.

I/We certify that I am/we are not related to the Lottery Agent, the Westport Affordable Housing Trust Fund or any party of this program.

I/We understand that it is my/our obligation to secure the necessary mortgage for the purchase of a home and all expenses, including closing costs and down payments, are my/our responsibility.

I/We understand that if I/we do not complete the home purchase transaction within 120 days after the lottery, the grant will be offered to the next eligible applicant on the waiting list.

I/We have read and understand the provisions regarding **resale restrictions and agree to the restriction**. I/We have been advised that a copy of the Deed Rider is on file at the Housing Assistance Office, Town of Westport, and is available on the Town’s website.

I/We understand that if I/we are selected to purchase a home, I/we must continue to meet all eligibility requirements of this program and any participating lender(s) until the completion of such purchase. I/We understand that I/we must be qualified and eligible under any and all applicable laws, regulations, guidelines, and any other rules and requirements.

I/We understand that if I/we are selected to purchase a home, I/we must attend and obtain a completion certificate from an accepted First Time Homebuyer Class. The Trust will assist in enrolling the buyer in a mandatory First-Time Homebuyer Class.

Your signature(s) below gives consent to the Westport Affordable Housing Trust or its designee to verify information provided in this application.

The applicant agrees to provide additional information on request to verify the accuracy of all statements in this application. No application will be considered complete unless signed and dated by:

Applicant Signature

Date:

Co-Applicant Signature

Date:

DEED RIDER SUMMARY

The purpose of this summary is informational only and it is not a substitute for reading the Deed Rider. The Deed Rider describes and imposes certain important legal requirements. Please read the Deed Rider in its entirety. It is strongly recommended that you consult an attorney to explain your legal obligations and responsibilities.

Please Remember:

- You must occupy the home as your principal residence.
- You may not rent or lease the home.
- You must seek permission from the Westport Affordable Housing Trust Fund and DHCD prior to refinancing your mortgage or making capital improvements to your LIP home.
- You must give written notice to the Town of Westport, the Westport Affordable Housing Trust Fund and the Massachusetts Department of Housing and Community Development (DHCD) when you decide to sell your home.

I certify that I have read the deed rider summary and the enclosed Local Initiative (LIP) Homebuyer Disclosure Statement and that I understand that any affordable home will be subject to the terms of the deed.

PLEASE READ THE ENCLOSED LOCAL INITIATIVE PROGRAM (LIP) HOMEBUYER DISCLOSURE STATEMENT. SIGN AND RETURN PAGE V.

A copy of the Deed Rider is available at the Housing Assistance Office,
Town of Westport, and at
<http://www.mass.gov/hed/docs/dhcd/hd/lip/lipdeedrider.pdf>

Applicant/Household Member

Applicant/ Household Member

KEEP THIS DOCUMENT ACCESSIBLE
IT CONTAINS VALUABLE CONTACT INFORMATION

LOCAL INITIATIVE PROGRAM (LIP)
HOMEBUYER DISCLOSURE STATEMENT

This Homebuyer Disclosure Statement summarizes your rights and obligations in purchasing this home. You are about to purchase a home located at

_____, in _____, Massachusetts (the “Municipality”) at less than the home’s fair market value, under the Local Initiative Program (LIP). When you sell the home, that same opportunity will be given to the new buyer. In exchange for the opportunity to purchase the home at less than its fair market value, you must agree to certain use and transfer restrictions. These restrictions are described in detail in a LIP Deed Rider that will be attached to the deed to your home and recorded at the Registry of Deeds.

PLEASE REMEMBER:

- You must occupy this home as your primary residence;
- You must obtain consent from the Department of Housing and Community Development (DHCD) and the Municipality [and _____ (if another monitoring agent is listed)] (together they are referred to as the “Monitoring Agents” in this Homebuyer Disclosure Statement) before renting, refinancing or granting any other mortgage, or making any capital improvements to your LIP home;
- You must give written notice to the Monitoring Agents when you decide to sell your property.

The contact information for the Monitoring Agents is listed in the LIP Deed Rider.

Please read the LIP Deed Rider restriction in its entirety because it describes and imposes certain important legal requirements. It is strongly recommended that you consult an attorney to explain your legal obligations and responsibilities.

Primary Residence

You must occupy your LIP property as your primary residence.

Renting, Refinancing and Capital Improvements

You must obtain the prior written consent of the Monitoring Agents before you do any of the following:

- Rent your LIP home;
- Refinance an existing mortgage or add any other mortgage including a home equity loan; or

Make any Capital Improvements (for example, a new roof or a new septic system – see attached Capital Improvements Policy) if you wish to get credit for those costs (at a discounted rate) when you sell your home.

Before taking any action, please contact DHCD for instructions on renting, mortgaging, or making capital improvements to your home. If you do not obtain the required consent from the Monitoring Agents, you can be required to pay all of the rents or proceeds from the transaction to the Municipality.

Resale Requirements

When you sell your home, you are required to give written notice to the Monitoring Agents of your desire to sell so that they may proceed to locate an Eligible Purchaser for your LIP home. Your sale price will be computed by DHCD based on the formula set forth in the LIP Deed Rider to reflect your original purchase price plus certain limited adjustments.

The allowed sale price is defined as the “Maximum Resale Price” in the LIP Deed Rider. It is calculated by adjusting the purchase price you paid for the home to reflect any change in the area median income from the time you purchased the LIP home to the time of the resale plus:

- (a) The Resale Fee as stated in the LIP Deed Rider;
- (b) Approved marketing fees, if any; and
- (c) Approved Capital Improvements, if any.

The Maximum Resale Price can never be more than the amount which is affordable to an Eligible Purchaser earning 70% of the area median income, as determined by a formula set forth in the LIP Deed Rider. The sales price will also never be less than the purchase price you paid, unless you agree to accept a lower price.

The Monitoring Agents have up to 90 days after you give notice of your intention to sell the home to close on a sale to an Eligible Purchaser, or to close on a sale to a Monitoring Agent, or to a buyer that one of them may designate. This time period can be extended, as provided in the LIP Deed Rider, to arrange for details of closing, to locate a subsequent purchaser if the first selected purchaser is unable to obtain financing or for lack of cooperation on your part.

It is your obligation to cooperate fully with the Monitoring Agents during this resale period.

If an Eligible Purchaser fails to purchase the home, and none of the Monitoring Agents (or their designee) purchases the home, you may sell the home to a purchaser who does not qualify as an Eligible Purchaser (in this event, this purchaser is referred to as an ineligible purchaser), subject to the following:

- (i) the sale must be for no more than the Maximum Resale Price;
- (ii) the closing must be at least 30 days after the closing deadline described above;
- (iii) the home must be sold subject to a LIP Deed Rider; and
- (iv) if there are more than one interested ineligible purchasers, preference will be given to any purchaser identified by DHCD as an appropriately-sized household whose income is more than 80% but less than 120% of the area median income.

Any sale by you to an Eligible Purchaser, or to an ineligible purchaser (as described in the LIP Deed Rider), is subject to the normal and customary terms for the sale of property, which are set forth in the LIP Deed Rider and which will be included in your Purchase and Sale Agreement.

There is no commitment or guarantee that an Eligible Purchaser will purchase the LIP home, or that you will receive the Maximum Resale Price (or any other price) for your sale of the LIP home.

A sale or transfer of the home will not be valid unless (1) the total value of all consideration and payments of every kind given or paid by the selected purchaser do not exceed the Maximum Resale Price, and (2) the LIP Compliance Certificate that confirms that the sale or transfer was made in compliance with the requirements of the LIP Deed Rider is executed by the Monitoring Agents and recorded at the Registry of Deeds by the closing attorney.

If you attempt to sell or transfer the home without complying with the LIP Deed Rider requirements, the Monitoring Agents may, among their other rights, void any contract for such sale or the sale itself.

Foreclosure

In the event that the holder of a mortgage delivers notice that it intends to commence foreclosure proceedings, the LIP Deed Rider gives the Municipality an option to purchase the home (or to designate another party to purchase the home) for a period of 120 days after notice of the Lender's intent to foreclose.

If this foreclosure purchase option is exercised, the purchase price will be the greater of (i) the amount of the outstanding balance of the loan secured by the mortgage, plus the outstanding balance of the loans secured by any mortgages senior in priority, up to the Maximum Resale Price as of the date the mortgage was granted, plus any future advances, accrued interest and/or reasonable costs and expenses that the mortgage holder is entitled to recover, or (ii) the Maximum Resale Price at the time of the foreclosure purchase option, except that in this case the Maximum Resale Price may be less than the purchase price you paid. By signing the LIP Deed Rider, you are agreeing that you will cooperate in executing the deed to the Municipality (or its designee) and any other required closing documents.

If the foreclosure purchase option has not been exercised within 120 days of delivery of the foreclosure notice to the Monitoring Agents, the mortgage holder may conduct a foreclosure sale. The mortgage holder or an ineligible purchaser may purchase the home at the foreclosure sale, subject to the LIP Deed Rider.

If the sale price at the foreclosure sale is greater than the purchase price that would have applied for the Municipality's foreclosure purchase option as described above, the excess will be paid to the Municipality. By signing the LIP Deed Rider, you are agreeing to assign any rights and interest you may otherwise have in the balance of any foreclosure proceeds available after satisfaction of all obligations to the holder of the foreclosing mortgagee, for delivery to the Municipality.

There is no commitment or guarantee that the Municipality will exercise the foreclosure purchase option, or that your Lender will receive the Maximum Resale Price (or any other price) in any foreclosure sale of the LIP home. In addition, the foreclosing lender retains the right to pursue a deficiency against you.

Violation of Restriction Requirements

If you violate any of the Restriction terms, you will be in default and the Monitoring Agents may exercise the remedies set forth in the LIP Deed Rider.

If one or more of the Monitoring Agents brings an enforcement action against you and prevails, you will be responsible for all fees and expenses (including legal fees) for the Monitoring Agent(s). The Monitoring Agent(s) can assert a lien against the home to secure your obligation to pay those fees and expenses.

Acknowledgements

By signing below, I certify that I have read this Homebuyer Disclosure Statement and understand the benefits and restrictions described. I further certify that I have read the LIP Deed Rider and understand the legal obligations that I undertake by signing that document.

I also certify that I have been advised to have an attorney review this document and the LIP Deed Rider with me.

Dated _____, 20__

Homebuyer Witness

Homebuyer Witness

Local Initiative Program (LIP)
Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114
617-573-1100

MAXIMUM SALE PRICE GUIDELINES
The Maximum Affordable Sale Price is determined by the Massachusetts
Department of Housing and Community Planning

# BRs	MAX. AFFORDABLE PRICE	MAX. GRANT	MAX. SAMPLES OF SALE PRICE
1BR	\$161,300	\$70,000	\$231,300
2BR	\$181,500	\$80,000	\$261,500
3BR	\$201,550	\$90,000	\$291,550
4BR	\$217,600	\$105,000	\$322,600
5BR	\$233,700	\$105,000	\$338,700
6BR	\$250,000	\$105,000	\$355,000
1BR Condo	\$141,000	\$70,000	\$211,000
2BR Condo	\$161,600	\$80,000	\$241,600
3BR Condo	\$182,500	\$90,000	\$272,500

NOTE

1. Calculations based on a Condo Fee @ \$150/Month. Condo fee may vary and change maximum affordable price.
2. Grants will be the lesser of the maximum grant applicable or the amount between the maximum affordable sale price and the actual sale price.

HOUSEHOLD SIZE & NUMBER OF BEDROOMS

- Grant is depending on the size (number of bedrooms) of the home to be purchased.
- A “household” shall mean two or more persons who will live regularly in the unit as their principal residence and who are related by blood, marriage, law or who have otherwise evidenced a stable inter-dependent relationship, or an individual.
- Appropriate Size Household means a household containing a number of members equal to the number of bedrooms in the Property plus one. The following criteria should be met:
 - a. There is at least one occupant per bedroom.
Disabled households must not be excluded from purchasing a larger unit based on household size if such larger unit is needed as a reasonable accommodation.
 - b. A husband and wife, or those in a similar living arrangement, shall be required to share a bedroom. Other household members may share but shall not be required to share a bedroom.
 - c. A person described in the first sentence of (b) shall not be required to share a bedroom if a consequence of sharing would be a severe adverse impact on his or her mental or physical health and the lottery agent receives reliable medical documentation as to such impact of sharing.
- Maximum allowable household size may not be more restrictive than the State Sanitary Code or applicable local bylaws, and may not violate state and federal civil rights laws.

**Appendix II – A.2
Definition of Assets**

The value of necessary items of personal property, such as furniture or automobiles shall be excluded. Determination of assets shall be based upon a full and fair present cash value of the asset at the time of application to the program. If a potential purchaser divests himself or herself of an asset for less than full and fair present cash value of the asset within one year prior to application, the full and fair cash value of the asset at the time of its disposition must be declared and shall be included for purposes of calculating eligibility.

Household Assets include the following:

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets.
2. Revocable trusts: The cash value of any revocable trust available to the applicant.
3. Equity in rental property or other capital investments: The current fair market value less (a) any unpaid balance on any loans secured by the property and (b) reasonable costs that would be incurred in selling the asset (e.g., penalties, broker fees, etc.).
4. Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts: The value of stocks and other assets vary from one day to another and should be determined within a reasonable time in advance of the applicant's submission of an application to participate in the subject housing program.
5. Individual retirement, 401K, and Keogh accounts: When the holder has access to the funds, even though a penalty may be assessed. If the applicant is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count withdrawals as income.)
6. Retirement and pension funds.
 - a. While the person is employed: Amounts the applicant can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs.
 - b. At retirement, termination of employment, or withdrawal: Periodic receipts from pension and retirement funds are counted as income. Lump-sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income, as provided below. If benefits will be received in a lump sum, include the lump-sum receipt in net household assets. If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.

If the applicant initially receives a lump-sum benefit followed by periodic payments, count the lump-sum benefit as an asset as provided in the example below and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.

NOTE: This paragraph assumes that the lump-sum receipt is a one-time receipt and that it does not represent delayed periodic payments. However, in situations in which a lump-sum payment does represent delayed periodic payments, then the amount would be considered as income and not an asset.

Definition of Assets established by the DHCD Comprehensive Permit Guidelines

7. Cash value of life insurance policies available to the applicant before death (e.g., the surrender value of a whole life policy or a universal life policy): It would not include a value for term insurance, which has no cash value to the applicant before death.
8. Personal property held as an investment: Gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.
9. Lump-sum receipts or one-time receipts: Inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.
10. A mortgage or deed of trust held by an applicant: Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset. This combined figure needs to be separated into the principal and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)
To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification. To count the imputed income for this asset, determine the asset value at the end of the 12-month period following the certification.
11. A life estate: A life estate is an interest in real property which entitles the life tenant to benefit from the property until his or her death. Usually, the life tenant is entitled to the use of a house for life and may be entitled to sell his or her interest. This right is of value to the life tenant, but it is rarely sold on an open market. (Purchasers of real property would typically not be tempted by such an uncertain term of ownership.)

The value of an applicant's life estate is included when calculating his or her assets based upon the Internal Revenue Service's latest guidance to determine the value of life estates (see Internal Revenue Service Publication 1457, "Actuarial Values, Book Aleph," (7-1999).

Household Assets DO NOT include the following:

1. Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).
2. Interests in Indian trust land.
3. Term life insurance policies (i.e., where there is no cash value).
4. Equity in the cooperative unit in which the applicant lives.
5. Assets that are part of an active business: "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's main occupation.
6. Assets that are NOT effectively owned by the applicant: Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not the applicant, and (b) that other person is responsible for income taxes incurred on income generated by the assets.

LIP PROGRAM STANDARDS FOR MORTGAGE LOANS

- The loan must have a fixed interest rate through the full term of the mortgage.
- The loan must have a current fair market interest rate.

(No more than 2 percentage points above the current Masshousing Rate*)

* (617) 854-1000 or www.masshousing.com

- The interest rate must be locked in – not floating.
- The buyer must provide a down payment of at least 3%, 1.5% of which must come from the buyer's own funds.
- The loan can have no more than 2 points.
- The buyer may not pay more than 38% of their monthly income for monthly housing costs.
- Loans from non-institutional lenders will not be accepted.
- FHA will no longer accept the deed rider that survives foreclosure.

DHCD will prepare a LIP Deed Rider, Maximum Resale Price Multiplier Certificate and LIP Mortgage to be recorded at the closing.

In order to prepare the closing documents, DHCD requires the following **no less than 2 weeks** before the loan closing date:

- A Copy of the COMMITMENT LETTER from the buyer's lender, including Interest Rate, Points, Length of Loan (i.e. 15-yr, 30-yr), and APR (Annual Percentage Rate)
- A Copy of the PURCHASE AND SALE AGREEMENT signed by the buyer and the developer
- Contact information for the loan CLOSING ATTORNEY including name, address, phone and fax numbers
- A Copy of the signed DISCLOSURE STATEMENT

Homebuyer Program Courses

The Westport Affordable Housing Trust Fund prepared this resource to facilitate potential homebuyers identifying First-Time Homebuyer Class providers. The number of agencies serving low- and moderate-income households is extensive. Selected homebuyers are not required to use these agencies. Other agencies and organizations may be found at different locations. The Trust may propose other agencies not included in this guide.

Homebuyer/ Home Ownership Agencies

First-Time Homebuyer Workshops may require a nominal fee. Please check with the agency.

*City of New Bedford, Housing &
Neighborhood Development
New Bedford
Lori Moring
(508) 979-1500*

15 North Beacon St.
Allston, MA 02134
Phone 617-787-3874
Fax 617-787-0425
Web: www.allstonbrightoncdc.org
Email: info@allstonbrightoncdc.org

*Fall River Affordable Housing Corporation
Fall River
Bob Landry
(508) 677-2220*

Asian CDC
888 Washington St. Suite 102
Boston, MA 02111
Phone 617-482-2380
Fax 617-482-3056
email: info@asiancdc.org,
Web: www.asiancdc.org

*Housing Assistance Corporation
Hyannis, MA
(508) 771-5400*

*Neighborhood Housing Services of the South
Shore
Brockton & Quincy
Janice Tucker
(617) 770-2227*

Boston Archdiocese Planning Ofc. for Urban
Affairs
185 Devonshire St. Suite 600
Boston, MA 02110
Phone 617-350-8885
Fax 617-350-8889
Email: km@poua.org

*Plymouth Redevelopment Authority
Plymouth
Patty Roy
(508) 747-1620 x147*

International Institute of Boston (IIB)
One Milk St.
Boston, MA 02109
Phone 617-695-9990
Fax 617-695-9191
Web: www.iiboston.org

*Pro-Home
Taunton
Joe Pacheco
(508) 821-2514*

MA Affordable Housing Alliance (MAHA)
1803 Dorchester Ave.
Dorchester, MA 02124
Phone 617-822-9100
Fax 617-265-7503

*South Shore Housing Development
Corporation
Kingston
Sharon Hurley
(781) 422-4200*

Neighborhood Development Corp of Jamaica
Plain (NDCJP)
31 Germania St.
Jamaica Plain, MA 02130
Phone 617-522-2424

*Urban Edge
1542 Columbus Ave., Suite 2
Roxbury, MA 02119
Phone 617-983-3500
Fax 617-427-8931
Allston Brighton CDC*