

Information Packet

Graniteville Woods

75 N. Main Street

Westford, MA 01886

Affordable Homeownership Opportunity

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for **7 affordable homes** offered in Graniteville Woods in the Town of Westford.

This is a first-time homebuyer opportunity with limited exceptions. Income and asset limits apply.

We invite you to read this information packet and submit an application if you think you meet the eligibility requirements. The lottery to award these homes to eligible purchasers has already taken place, but the Chelmsford Housing Authority is taking applications on a first-come, first-served basis in the event that any buyer decides not to move forward.

Phone: 978-256-7425, ext. 16 or lisa@chelmsfordha.com

General Overview and Sales Prices

Graniteville Woods is being constructed on 104 acres of land off North Main Street in Westford. There are a total of 68 single-family homes and 96 townhouses, 41 of which are being sold at affordable prices to households with incomes at or below 80% of the area median income. The site is surrounded by more than 100 acres of conservation land, features walking trails, and is in close proximity to Routes 3 and 495. Homes are Energy Star Certified, which makes for energy-efficient living.

This is the fourth phase of the affordable component of the project, with 7 homes being offered out for purchase to income- and asset-eligible households during this round.

Unit Type	Bedroom Size	# of Units	Sales Price	Condo Fees	Baths	Square Footage	Parking Spaces
Single Family	2	1	\$152,750	\$117.00	1 ½	1,600*	4
Townhome	2	2	\$152,750	\$117.00	1 ½	1310*	2
Single Family	3	1	\$168,500	\$129.00	1 ½	1660*	4
Townhome	3	3	\$168,500	\$129.00	1 ½	1760*	2

*Approximate figures; sq footage of unfinished basement not included

**Includes sq footage of unfinished basement

The estimated Total Monthly Housing Costs are \$1,045 for a 2-bedroom unit and \$1,150 for a 3bedroom unit. Total Monthly Housing Costs are the estimated sum of your mortgage payment (30year, fixed-rate mortgage at 4.50% with a 3% down payment), your monthly real estate taxes based on the current rate of \$16.60 per thousand, and Condominium Fees.

All affordable units will have a “Deed Rider” that will be filed with the deed at the time of purchase. The Deed Rider limits the amount that the unit can be resold for and requires the resale to another affordable buyer. We recommend that potential buyers review the Deed Rider with an attorney so as to fully understand its provisions. For more information on the Deed Rider and resale restrictions, please see the Deed Rider Summary.

Graniteville Woods does not discriminate based on race, color, national origin, religion, sex, familial status, sexual orientation or handicap (disability). Disabled persons are entitled to request a reasonable accommodation of rules, policies, practices or services, or to request a reasonable modification of the housing, when such accommodations or modifications are necessary to afford the disabled person equal opportunity to use and enjoy the housing.

GENERAL ELIGIBILITY REQUIREMENTS

Maximum Allowable Income

To be eligible to apply to purchase an affordable unit, the combined annual income for all income sources of all income-earning members in the household must be at or below eighty percent of median income for the Lowell area. The maximum incomes allowed for this program are:

	<u>HOUSEHOLD SIZE</u>	<u>INCOME LIMIT</u>
1	\$44,750	
2	\$55,150	
3	\$57,550	
4	\$63,900	
5	\$69,050	
6	\$74,150	
7	\$79,250	8 \$84,350

Approximate Minimum Income

While there is no specific minimum income, all households must qualify for a mortgage to purchase an affordable unit. The minimum income limits to qualify for a mortgage will be determined by a lender or bank. All applicants must receive mortgage preapproval and submit it with their application in order to be considered eligible for this program.

Asset Limits

No household shall have total gross assets exceeding \$75,000 in value.

Household assets are calculated at the time of application. Any monies you would use as a future down payment on the home will still be counted as assets. Assets may include cash, cash in savings and checking accounts, net cash value of stocks, net cash value of retirement accounts (such as 401K), real property, bonds and capital investments.

Q: Who is eligible to apply for the affordable units?

A: In order to qualify for an affordable unit, households must meet each of the three following criteria:

- 1.) Everyone in the household must qualify as a “first-time homebuyer.”
- 2.) The entire household’s income and assets must be below the maximum allowable income and asset limits.
- 3.) The household must be pre-approved for a mortgage.

Q. Who is a “first-time homebuyer”?

A: A person is a “first-time homebuyer” if no person in his or her household has, within the preceding three years, either owned the house they lived in or owned an interest in one or more other houses, such as through joint ownership. Exceptions may be made in the following instances:

- 1.) A displaced homemaker: A displaced homemaker is an adult individual who meets ALL the following criteria: Has not worked full-time 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; Owned a home with his or her partner, or resided in a home owned by the partner; Does not own the home previously owned with a partner; Is unmarried to or legally separated from the spouse.
- 2.) A single parent, 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 one or more children of whom the individual has custody or joint custody, or is pregnant).
- 3.) An age-qualified household (in which at least one member is age 55 or over) that is selling a home in order to purchase an affordable unit.
- 4.) A household 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.
- 5.) A household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.

Q: If someone in my household is age 55 or over, can I currently own a home?

A: Yes. You will not, however, be allowed to complete the purchase of an affordable home here until your current home is sold. For more information on how much time you will be given to sell your home, see Step 5 in the Step-by-Step Process.

Q: Can I apply as a displaced homemaker or single parent if I currently own a home?

A: Yes. You will not, however, be allowed to complete the purchase of an affordable home here until your current home is sold. For more information on how much time you will be given to sell your home, see Step 5 in the Step-by-Step Process. For how much equity you are allowed to have in your current home, please see the Asset Limits in the following pages.

Q: Does my separation or divorce have to be finalized when I apply?

A: Your separation or divorce does not need to be finalized when you apply for the lottery but it must be finalized before you sign a Purchase and Sale Agreement (see Step 5). You will not be allowed to purchase an affordable home until your separation or divorce is complete because the terms specifying the allocation of assets and custody of children must be finalized so that your income and asset eligibility can be accurately reviewed. If you have only filed for separation when it comes time to purchase an affordable home and you haven't finalized your divorce, you will not be allowed to purchase a home at that time. Therefore, you should try to expedite all divorce/separation hearings as your divorce/separation will need to be finalized in the next few months.

Q: Do I need to be a resident of Westford to apply?

A: No, you are welcome to apply even if you don't live in Westford.

MAXIMUM INCOME AND ASSET LIMITS

Q: How is a household's income determined?

A: The Chelmsford Housing Authority, in its capacity as the Lottery Agent, will calculate the income a household makes over the course of a 12-month period. In an effort to provide as accurate an income estimation as possible, the CHA must review all current and historical income data.

ALL SOURCES OF INCOME ARE COUNTED. Any monies you receive will be counted as income. This includes, but is not limited to, Social Security, alimony, child support, overtime pay, bonuses, unemployment, severance pay, part-time employment, matured bonds, monies received in court settlements and imputed interest and dividends on bank accounts and other assets.

There are some exceptions under which income will not be counted, most notably income from employment of children under the age of 18.

The CHA will calculate the value of your assets pursuant to the formula set by the Department of Housing and Urban Development. This formula takes the greater of the following: the actual income from an asset or the current market value of any asset multiplied by 1%. The amount derived from this calculation is then added to your income.

For example: Mrs. Smith is a mother of three children and earns \$25,000 a year at her job and receives \$12,000 a year in child support. Mrs. Smith also has a checking account valued at \$7,000 earning 1% interest and a CD worth \$20,000 earning 2.3%. Her income would be calculated as follows:

Employment	\$25,000	Checking ($\$7,000 \times 1\%$)	= \$70
Child Support	\$12,000	CD ($\$20,000 \times 2.3\%$)	= \$460
Total income = \$37,530			

It is not up to the household to determine what monies should and should not be counted as its calculated income. All monies, therefore, should be listed on the application and the inclusion of these monies in determining a household's eligibility will be based on affordable housing guidelines.

Households must also submit their three most recent tax returns for all household members.

Q: I cannot withdraw money from my 401K or retirement fund. Do I have to include it when I list my assets?

A: Yes. You need to include the net cash value of all your current retirement funds. We realize that most retirement funds assess large penalties for early withdrawal but this does not technically mean that you cannot withdraw your funds or don't have access to them. The postpenalty amount is what you need to provide along with supporting documentation.

Q: Are there eligibility exceptions for households that are barely over the income limit but considerably under the asset limit (or vice versa)?

A: No. All households must be under BOTH the income limit and the asset limit. Eligibility is not based solely upon one or the other.

Age Qualified Households, Displaced Homemaker and Single Parent Exception:

Only households qualifying under the exceptions listed earlier may own a home when applying. This home must be sold before they will be allowed to purchase an affordable unit. The amount that the household will retain in equity from the sale of the house will be added to their asset total. This asset total must still be below \$75,000.

Q: If I qualify for the lottery as an Age-Qualified Household or Displaced Homemaker or Single Parent, how much time will I be given to sell my current home?

A: Before you are allowed to sign a Purchase and Sale Agreement on the affordable home, your current home must already be under a P & S Agreement. After the lottery, households will be able to estimate how much time they will have before they need to sell their home based on the lottery results and their positions on the Unit Selection Lists. Please see the Step-by-Step Process for more details.

MORTGAGE PRE-APPROVAL STANDARDS

Mortgage pre-approval is required with the application. Households can apply with any lender, but the pre-approval must meet the following standards:

Mortgage Standards

- 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 loan can have no more than two points
- The buyer must provide a down payment of at least 3% -- half of which must come from the buyer's own funds
- If Heads of Household are not married, the names of all Heads of Household must be on the mortgage

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

We strongly encourage households to apply through banks that are familiar with resale restrictions and guidelines for affordable housing programs. These banks will likely be aware of additional firsttime homebuyer programs or soft-second loans, such as that available through the Massachusetts Housing Partnership's Soft Second Program.

Households may also be eligible for down-payment assistance to reduce closing costs and/or purchase price, which therefore increases the potential for lower income households to obtain mortgages.

Households will need to bring a copy of the EXAMPLE Deed Rider to their lender, which can be downloaded directly off our website at www.chelmsfordha.com. The Deed Rider is a document that details, among other things, the restrictions that will be placed upon the unit at the time of resale in order to preserve its affordability. It is in the buyer's best interest, therefore, to show all lenders a copy of the Deed Rider when applying for a mortgage. Otherwise, they may find a lender who grants a commitment for a mortgage, but backs out at the time of purchase once they are made aware of the resale restrictions.

The lender will ask you for your association fees and taxes. The monthly association fees will be \$117 for the two-bedroom homes and \$129 for the three-bedroom homes. The 2014 tax rate for Westford is \$16.60 per thousand of the home's assessed value, and taxes are assessed at the affordable price (not the market-rate equivalent).

Q: Can a non-household member co-sign on the mortgage?

A: No. Only members of the applying household can sign on the mortgage. All monies gifted to household members to assist in down-payment or other costs will be counted as household assets.

Sign Purchase and Sale Agreement

Once a household has been deemed eligible, the sales office will set up a time to see the available units. If you decide to move forward with the purchase, the sales office will have a Purchase and Sale agreement drawn up. The household will have seven business days to review the Purchase and Sale Agreement and put down the required deposit of 3% of the purchase price, half of which must come from the buyer's own funds.

Before signing the P&S Agreement, it is recommended that the household obtain an attorney to review the P&S Agreement, Condominium Documents, Master Deed, and the Deed Rider. You may also have the bank or mortgage company that is offering your mortgage commitment review these documents. It is important that the lawyer (or bank) ensure that the taxes being assessed on the affordable unit are based on the affordable sales price and not the market-rate equivalent. It is also important to check that the condo fees for the affordable units will increase at a percentage or rate that the condo fees for the market rate units in the development increase. All these documents can be provided by the Sales Office.

Once the P & S Agreement is signed, the household will have approximately 30 to 45 days to close on units.

Obtain Mortgage Commitment

Once a household has signed a P&S Agreement, they will need to obtain a mortgage commitment. Households do not need to go back to the same lender that issued their pre-approval letter; they are free to use another bank or mortgage company of their choosing and may want to opt for a lender who offers the Soft Second loan program, which can offer significant savings for households that qualify. Representatives of local banks will be made available to households to assist prospective buyers with pre-approval and mortgage information. At this time, the lender will want to see the P&S Agreement, Condominium Documents, Master Deed, and Deed Rider. They will also do an appraisal of the property once it is ready to move into. Once the appraisal is complete, the household will be able to close on the home.

At least five days prior to the closing date, the household will need to obtain a copy of the mortgage commitment that shows the terms of the mortgage and has the signatures of the bank and/or lender. The loan must adhere to the same mortgage standards as did the pre-approval.

Closing and Move-in

The Purchase & Sale Agreement will set the Closing Date.

Once you have closed on the unit, you may move in.

Additionally, once you have closed on the unit, there is no future income or asset eligibility reviews.

DEED RIDER SUMMARY/ PROPERTY RESTRICTIONS

The Deed Rider will be provided either the day before or the day of the closing. A copy of an example Deed Rider will be available on the Chelmsford Housing Authority's website, www.chelmsfordha.com.

The purpose of this summary is intended to be informational only and it is not a substitute for independent legal advice. It is intended to highlight some of the obligations a purchaser will have upon resale. The Deed Rider is an especially important legal document; in part, it ensures that the home remains affordable for future buyers of your property. Purchasers are encouraged to read carefully and to seek legal counsel to have a full understanding of their obligations of the Deed Rider in its entirety.

All of the deeds for the homes designated as affordable will have a deed rider, which you will be required to sign.

Assuming you qualify, you will be given an opportunity to purchase a home at a substantial discount ("the affordable price") of the property's fair market value.

However, at a minimum, the purchaser must agree to the following:

PRINCIPAL RESIDENCE

To occupy the home as a principal residence, where you regularly live, eat, sleep, are registered to vote, etc.

LEASING AND REFINANCING

You may not rent, lease or refinance your home without the prior written consent from the Westford Housing Authority.

NOTICES WHEN SELLING YOUR HOME

When you wish to sell your home, you must notify the WHA in writing. This notice is referred to as the "Conveyance Notice" in the Deed Rider. The WHA will set the Maximum Resale Price by using the "Resale Price Multiplier" listed on the Deed Rider.

MAXIMUM RESALE PRICE

The Maximum Resale Price is determined using the Resale Price Multiplier, a figure calculated by taking the initial sales price and dividing it by the area median income.

For example, if the area median income in 2014 is \$90,700 and a family purchases an affordable home for \$152,750, the Resale Multiplier would be $\$152,750 \div \$90,700 = 1.68$. Upon resale, the Resale Price Multiplier is multiplied by the updated area median income number to determine the Maximum Resale Price. For example, if that same family decided to sell their home five years later, the new area median income could have increased to \$96,000. The Maximum Resale Price would be $\$96,000 \times 1.68 = \$161,280$.

RESALE PROCESS

Under no condition can the seller receive more than the Maximum Resale Price upon resale.

Once the Westford Housing Authority receives a written notice to sell, the WHA has 90 days to find an eligible buyer (a homebuyer whose income is at 80% of the base area median and who does not exceed the asset limit. The WHA can also decide within those 90 days to purchase the home.)

If the WHA finds an eligible buyer within 90 days, but that buyer cannot obtain financing or is otherwise unable to purchase the home the WHA can receive an extension of an additional 60 days.

If the WHA cannot find an eligible buyer within that time frame and the WHA does not want to purchase the home, you may choose to sell your home on the open market. Any gain you make above the maximum resale price, however, will be paid directly to the WHA for future investment in its Affordable Housing Program. **You cannot keep the additional gain.**