

Information Packet

Beaver Pond Commons

Milford, MA

An Affordable Housing Lottery

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for the affordable single-family homes being offered through this lottery for Beaver Pond Commons in the Town of Milford.

Beaver Pond Commons and the Town of Milford invite you to read this information and submit an application if you think that you meet the eligibility requirements. This lottery is the first step in the application process and does not assure you a unit.

The first affordable home should be ready for occupancy in the Autumn/Winter of 2015.

A Public Info Session will be held on August 18th, 2015 at 6:00 pm at the Milford Town Hall. Attendance at the Info Session is not required for participation in the lottery.

APPLICATIONS MUST BE RECEIVED BY 2 PM ON SEPT 24th, 2015

Please see the cover page of the application for the location where the application can be mailed, emailed or faxed. This information is also on the signature page of the application.

Phone: (617) 782-6900 (voicemail)

Information Packet created by SEB

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GENERAL OVERVIEW AND SALES PRICES

This is a lottery for the 16 affordable Homes being built at Beaver Pond Commons. These 16 homes will be sold at affordable prices to households with incomes at or below 80% of the area median income. The first affordable homes will be ready in autumn of 2015.

Beaver Pond Commons is Milford's newest development and features easy access to 495. All affordable homes will all offer an attached garage, central air, open floor plan and large spacious bedrooms, hardwood floors in entry kitchen and family room, carpeted bedrooms, tiled baths, first floor laundry room. Homes include a self-cleaning range, microwave, dishwasher and refrigerator. Single family homes will have a 1st floor master suite and a vaulted family room.

# of Affordable Units	Home Type	Affordable Sales Price	Monthly HOA Fees	Bedrooms	Bathrooms	Square Footage (<i>subject to change</i>)	Parking Spaces
5	Duplex	\$161,700	\$150/mo	2	1.5	1,760 sqft	1 Garage space
2	Duplex	\$158,200	\$175/mo	2	1.5	1,760 sqft	2 Garage spaces
2	Single-Family	\$154,600	\$200/mo	2	2.5	2,050 sqft	2 Garage spaces
7	Single-Family	\$174,800	\$200/mo	3	2.5	2,050 sqft	2 Garage spaces

All affordable units will have a "Deed Rider" that will be filed with the deed at the time of purchase. This Deed Rider limits the amount that the unit can be resold for and requires the resale to another affordable buyer. The Deed Rider insures that the unit stays affordable in perpetuity. 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 in the last section of this Information Packet.

Since it is anticipated that there will be more interested and eligible applicants than available units, the Developer will be sponsoring an application process and lottery to rank the eligible applicants for the program. The application and lottery process, dates, and eligibility requirements can all be found within this Information Packet.

Beaver Pond Commons does not discriminate in the selection of applicants on the basis of race, color, national origin, disability, age, ancestry, children, familial status, genetic information, marital status, public assistance reciprocity, religion, sex, sexual orientation, gender identity, veteran/military status, or any other basis prohibited by law. Persons with disabilities are entitled to request a reasonable accommodation in rules, policies, practices, or services, or to request a reasonable modification in the housing, when such accommodations or modifications may be necessary to afford persons with disabilities an equal opportunity to use and enjoy the housing.

GENERAL ELIGIBILITY REQUIREMENTS

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 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 (see pg. 6)
- 3.) The household must be pre-approved for a mortgage (see pg. 9)

Priority will be given to households of appropriate size (see pg. 10) but all household sizes and compositions can apply.

Q: Who is a “first-time home buyer”?

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 individual who is an adult who meets ALL the following criteria:

- 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
- 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 1 or more children of whom they have custody or joint custody, or is pregnant).

3. An age-qualified household (in which at least one member is age 55 or Over) which 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 which 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: What are the income and asset eligibility requirements?

A: Please see the following pages for the details on allowable household income and assets.

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

A: Yes. However, you will not be given the opportunity to purchase an affordable home here until your current home is under a Purchase and Sale Agreement. For more information on how much time you will be given to sell your home see 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: Can I apply for this lottery as a displaced homemaker or single parent if I currently own a home?

A: Yes. However, you will not be given the opportunity to purchase an affordable home here until your current home is under a Purchase and Sale Agreement. For more information on how much time you will be given to sell your home see 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 reserve a home*. 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: If I reserve a unit and then a unit that was not available when I was selecting my unit becomes available, can I "switch" my unit for this newly available unit?

A: No. If you are given the opportunity to reserve a unit, you are allowed to pick from all the available units at that time. It does not entitle you to pick any unit that may become available at any point in the future (specifically because another household was unable to close). Once you have reserved your unit, you may not swap that unit for another unit.

MAXIMUM INCOME AND ASSET LIMITS

Q: How is a household's income determined?

A: A household's income eligibility will be based on all the income they have received over the past 12 months. Income projections are not performed. In general, the income total will be a combination of all income for this calendar year added to the prorated amount of income from the last calendar year. This includes, but is not limited to, employment income, Social Security, alimony, child support, overtime pay, bonuses, unemployment, severance pay, part-time employment, matured bonds, monies to be received in court settlements, and actual or imputed interest and dividends on bank accounts and other assets. ALL SOURCES OF INCOME ARE COUNTED with the exception of income from employment for household members under the age of 18 and any income over \$480/year for full time students who are dependents (but note that all such income must still be documented even if it is exempt from the household income calculation).

If a household applies for an affordable unit on September 15th, 2014, the total amount of money received by all members of the household from September 15th 2013 thru September 15th, 2014 will be counted as income. There are some exceptions that will not be counted, most notably income from employment of children under the age of 18 years.

It is not up to the household to determine what monies received over the past year should and should not be counted as their calculated income. Therefore, all monies 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 submit their 3 most recent tax returns for proof that they have not owned a house within the past three years.

Maximum Allowable Income

To be eligible to apply for purchasing 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 local area (Worcester MSA). The maximum incomes allowed for this program are:

<u>Household Size</u>	<u>Income Limit</u>
1	\$46,100
2	\$52,650
3	\$59,250
4	\$65,800
5	\$71,100
6	\$76,350

Approximate Minimum Income

While there is no specific minimum income, all households must qualify for a mortgage loan to purchase an affordable unit. The minimum income limits to qualify for a mortgage will be determined by a lender/bank. All applicants must receive mortgage pre-approval and submit it with their application to be considered eligible for this lottery. The mortgage requirements are listed on page 9 of this information packet. *For more information on mortgages, see pg. 9.*

Asset Limits

All households shall not 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: 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 post-penalty 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 isn't based on only one or the other.

Age Qualified Households, Displaced Homemaker and Single Parent Exception:

Only households qualifying under the exceptions listed on page 4 may own a home when applying. This home must be sold before they purchase an affordable unit (see the "Unit Selection" step in the Step-by-Step process). The amount that the household will retain in equity from the sale of the house will be added to their asset total. Their 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 the home?

A: Before you are allowed to reserve a new 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 Waiting Lists (i.e. Households near the top of the lists will need to find a buyer immediately, households lower on the lists will have a few more weeks.) Please see the Step-By-Step Process for more details.

MORTGAGE PRE-APPROVAL STANDARDS

Immediately after reading this entire Information Packet, all households should apply for mortgage pre-approval. *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 loan cannot be an FHA loan (as FHA will not accept the terms of the Deed Restriction)
- 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 who are aware of the resale restrictions and guidelines for affordable housing programs. These banks will likely be aware of additional first-time homebuyer programs that may be of great assistance such as the Massachusetts Housing Partnership's ONE Mortgage Program. The following lenders are familiar with the process and the mortgage requirements and should be happy to help you with questions or pre-approvals.

- Any lenders found here: www.mhp.net/homeownership/banks.php
- John Lucas at Prestige Home Mortgage (508.332.4172, jlucas@prestigehomemortgage.com)
- John Doyle at Santander (508.370.0687, jdoyle@santander.us)

Households will need to bring the copy of the EXAMPLE Deed Rider to their lender. A copy can be downloaded directly off our website at www.s-e-b.com. *All lenders will be made aware of the resale restrictions regardless of whether you tell them up-front or not.* The Deed Rider is a document that will be signed at the closing. Therefore, it is in all household's best interest to show all lenders a copy of the Deed Rider when applying for a mortgage. Otherwise, they may find a lender who grants pre-approval but backs out at the time of purchase once they are made aware of the resale restrictions, thus eliminating the opportunity to obtain an affordable unit.

The lender will ask you for association fees and taxes. The HOA fees for the affordable units are shown on page 3. The 2015 **tax rate** for Milford is **\$17.55** and taxes are assessed to 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.

HOUSEHOLD SIZE AND COMPOSITION

Q: How is appropriate household size determined?

A: According to the Massachusetts Department of Housing and Community Development guidelines:

Within an applicant pool first (priority) shall be given to households requiring the total number of bedrooms in the unit based on the following **criteria**:

- a. There is at least one occupant and no more than two occupants per bedroom.
- b. A married couple, 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.

Household size shall not exceed state sanitary code requirements for occupancy of a unit.

In **Step 2: The Lottery**, you will find a detailed explanation on how priority is given to certain household sizes and compositions. For the purposes of this lottery, Type A household sizes and compositions will be considered “appropriate” (or given priority) for the 3BR units, while Type B and C are defined as follows:

Type A (*Priority for a 3-Bedroom Unit*)

- All 6 person households
- All 5 person households
- All 4 person households
- 3 person household: 1 head-of-household plus 2 members/dependents
- 3 person household: 2 heads-of-household under criteria c (described above) plus 1 member/dependent

Type B (*Priority only for a 2-Bedroom Unit but can still apply for a 3-Bedroom Unit*)

- 3 person household: 2 heads-of-household plus one member/dependent
- 2 person household: 2 heads-of-household under criteria c (described above)
- 2 person household: 1 head-of-household plus one member/dependent

Type C (*Still eligible for a 2BR or 3BR unit but all household Types above have priority*)

- 2 person household: 2 heads-of-household
- 1 person household: all types

Q: Does the unborn child of a currently pregnant household member count towards our household size?

A: Yes. A household may count an unborn child as a household member. You will have to submit proof of pregnancy with all the income and asset documentation that needs to be submitted with your application.

Q: Can a Type B Household apply for a three-bedroom unit?

A: Yes. However, *every applying Type A Household within the same pool will be given the opportunity to buy an affordable three-bedroom unit first.* A Type B Household will be given the opportunity to buy an affordable three-bedroom unit if there are not enough eligible households from Type A in their same lottery pool. For the two-bedroom units, Type A and B households have the same priority (i.e. Type A does NOT have priority over Type B for the two-bedroom units).

Q: Can a Type C Household apply for a two or three-bedroom unit?

A: Yes. However, *every applying Type A and Type B Household within the same pool will be given the opportunity to buy an affordable unit first.* A Type C Household will be given the opportunity to buy an affordable unit if there are not enough eligible households from Type A and Type C in their same lottery pool.

Q: If I am currently going through a divorce/separation or planning on being divorced / separated soon, can I still 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 the Step-by-Step details). 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.

STEP-BY-STEP PROCESS AND TIMELINE

Q: What is the application, selection, and move-in process for the affordable units being offered in Beaver Pond Commons?

A: The following steps outline the entire process. The following pages explain each step in greater detail.

Step 1: Applying for the Housing Program

thru September 24th, 2015

Step 2: The Lottery

October 13th, 2015

Step 3: Waiting List

Within 3 days of the Lottery

Step 4: Monitoring Agent Approval

Approximately 10 days

Step 5: Unit Selection and Offer to Purchase

Households given approx. 3 days after Monitoring Agent Approval

Step 6: Sign Purchase & Sale Agreement

Takes approximately 10 days after the Offer to Purchase has been signed

Step 7: Obtain Mortgage Commitment

Most banks take approx. 30 days to provide a mortgage commitment

Step 8: Final Review for Program Eligibility

This is done 3 weeks prior to the closing date

Step 9: Closing and Move-in

First units ready in Spring 2015

A Public Info Session will be held on August 18th, 2015 at 6:00 pm at the Milford Town Hall. Attendance at the Info Session is not required for participation in the lottery.

Step 1: Applying for the Lottery

Once a household reads this Information Packet in its entirety, they will need to fill out a Program Application. The applying household must include all income, asset, tax documentation as directed by the Program Application for every person that will be living in the home. The Program Application must be signed and dated by all heads of household. A mortgage pre-approval **MUST** be submitted with the application. The Program Application and Required Documentation must be received (not postmarked) by the Lottery Agent by 2 pm on September 24th, 2015. All applications should be sent to:

SEB
Re: Beaver Pond Commons
165 Chestnut Hill Ave #2
Brighton, MA 02135
Seb.housing@gmail.com

To ensure applications arrive in time, we recommend sending them in at least a week prior to the application deadline. **Late applications will not be accepted!** If you want to ensure your application is received, we recommend sending it by certified mail. The Lottery Agent, Owner and other affiliated entities are not responsible for lost or late applications.

Once a completed Program Application is received with ALL Required Documentation, SEB will determine initial eligibility and compliance. If the applicant is determined to be eligible for the Lottery, they will receive an **Application Number** in the order in which their application was completed. The purpose of the Application Number is simply to keep all households names unknown at the lottery. **The Application Number has no bearing on a household's final Waiting List position.**

Households that are deemed ineligible by the Lottery Agent will be notified by mail (or by email if an email address is provided).

Entrance into the Lottery does not guarantee that a household is eligible to buy a home. Please read all of the following steps for further details on the review process.

Q: What happens if I don't submit all necessary documentation or fail to correctly complete my Affordable Housing Program Application?

A: Households that submit incomplete documentation will be mailed a notice detailing the additional documentation that is needed to make their application complete. Their application will remain in an "Incomplete Application Pool" until all requested materials have been received. Households with applications in the Incomplete Application Pool will not be entered into the Lottery.

Age-Qualified Households, Displaced Homemakers and Single Parents that have yet to sell their homes and/or finalize their divorce/separations will be given conditional approval and will be given an Application Number to be entered into the lottery like all other eligible households. They will be required to submit all additional documentation verifying their claims later in the process if they wish to purchase a unit.

Step 2: The Lottery

The Lottery will be held on October 13th, 2015 at 6:00 pm in the Milford Town Hall. Households do not have to attend the lottery to remain eligible. All results will be mailed to every applying household after the Lottery. There will be 1 drawing in the lottery:

- General Lottery for 16 homes

For the Lottery, a representative from the Town will pull Application Numbers from a box. The Application Numbers are randomly drawn and placed in the order drawn on a **Lottery Result List**.

The order drawn does not necessarily reflect the order that households will get to select units as Application Numbers of smaller households are mixed in with Application Numbers of appropriately sized households (see: Household Size and Composition). It is only how a household is drawn relative to other eligible households that matters.

Regardless of the order drawn, all households of appropriate size for each unit size will be given the opportunity to buy a unit before any smaller household within the same lottery pool.

For example: A one-person household (Type C) is the first household drawn. They will be not be given an opportunity to buy a unit until every Household who is Type A or Type B is given an opportunity.

To help clarify the actual order that applicants will be given the opportunity to buy units, Waiting Lists will be created from the Lottery Results List (*see next step*).

Step 3: The Waiting List

The Waiting Lists will be compiled immediately after the lottery. There will be 2 separate Waiting Lists created from the two Lottery Results Lists to illustrate the order households will choose units based on household size and unit(s) applied for. **The purpose of the Waiting Lists is merely to illustrate the actual order that opportunity will be given. The position each household has on the Waiting Lists is determined by the order in which their Application Number is drawn in the Lottery relative to households of similar qualifications.** Please see “Household Size and Compositions” for details on Household Types.

WAITING LIST #1 for Seven 3BR homes

Top Tier: All Type A Households

Middle Tier: All Type B Households

Bottom Tier: All Type C Households

WAITING LIST #2 for Nine 2BR homes

Top Tier: All Type A and B Households (with no priority between A and B)

Bottom Tier: All Type C Households

Only the households in the top seven positions on the 3BR Waiting List and the top nine positions on the 2BR Waiting List are guaranteed the opportunity to purchase a unit as long as they continue to meet all program guidelines. Households with positions lower on the Waiting List will have to wait for the removal of households with a higher position than them before being given an opportunity to purchase a unit. Households with lower positions on the Waiting Lists should still maintain readiness as about a third of the households given an opportunity to move forward to purchase an affordable unit do not finish the process for a variety of reasons (ex: the Monitoring Agent deems them ineligible, the household cannot get a final mortgage commitment etc.). Households in the Incomplete Application Pool will not have an Application Number and therefore will not have a position on Waiting Lists.

Step 4: Monitoring Agent Review

Immediately after the Lottery, SEB will send the files of the top households to the Monitoring Agent (Citizens Housing And Planning Association, CHAPA) for program certification. It is ultimately the Monitoring Agent who will determine if a household is eligible and can move forward to the next step of the process.

SEB goes through great lengths to ensure that files are complete when sent to the Monitoring Agent but if the Monitoring Agent needs any additional documentation to complete their eligibility review, they will notify SEB and SEB will notify the applicant. The applicant must submit any documentation requested by the Monitoring Agent within 5 business days. Applicants who do not provide additional documentation and applicants that the Monitoring Agent disqualifies will be removed from the Waiting List and lose their opportunity to move forward in this process. Once the Monitoring Agent has certified a household as eligible, they will contact SEB and SEB will direct the household to the next step.

Step 5: Unit Selection and Offer to Purchase

The top household on each **Waiting List** will be notified by the Lottery Agent when they can move forward with the purchase of any of the available affordable units. When a household is notified, they will be put “on the clock”. When they are “on the clock”, they will be given the contact information for Sales Office and they will have 3 business days to contact the Sales Office and complete an Offer to Purchase.

When a household is at the top or near the top of a Waiting List (and is therefore about to be put “on the clock”), it is recommended that they obtain an attorney who can assist with the review and execution of the Purchase and Sale Agreement.

The Offer to Purchase is a contract between the applicant and the developer which details what unit has been selected and the time and date when a Purchase and Sale Agreement must be executed (*see next step*). **When an Offer to Purchase is signed, a refundable deposit of \$500 is required.** The deposit is refundable if the buyer is unable to secure a mortgage for the unit.

A household that is “on the clock” can choose from ANY of the available affordable units. If one or more units have been reserved, then the next household “on the clock” will be given the opportunity to reserve one of the remaining affordable homes. The date that a Purchase and Sale Agreement will be executed will be approximately 10 business days from the day the Offer to Purchase fully executed.

The next applicant on the list will then be notified that they are “on the clock” when the applicant ahead of them either signs an Offer to Purchase or 3 business days elapse and no reservation has been signed.

If an applicant fails to sign an Offer to Purchase, their Application Number will be removed from the top of the Waiting List and will be dropped to the bottom. This applicant will not get a chance to sign a Offer to Purchase again until all other applicants on the Waiting List are given a chance. Once the applicant who was dropped to the bottom is given a second chance, they must sign a Purchase and Sale Agreement or they will permanently lose their opportunity to purchase an affordable unit at Beaver Pond Commons through this lottery.

Age Qualified Households, Displaced Homemaker and Single Parent Exception:

Based on the lottery results and their positions on the Waiting List, households will be able to estimate when they are about to reach the top of the Waiting List and will therefore know how much time they will have to sell their home or finalize their divorce/separation. **Households who currently own a home when they applied for the lottery** will need to provide a copy of a signed Purchase and Agreement for their current home to SEB (the Lottery Agent) **before** reaching the top of a Waiting List. **Applicants who were in the process of being separated/divorced when they applied for the lottery** will need to provide a copy of their Divorce Decree or Separation Agreement **before** reaching the top of a Waiting List.

If the above households fail to provide the required documentation before reaching the top of a Waiting List, they will not be put “on the clock” (meaning they will not be able to purchase a unit) and they will be dropped from all Waiting Lists.

Step 6: Sign Purchase and Sale Agreement

Once a household signs a Offer to Purchase, they will have approximately 10 business days to sign a Purchase & Sale Agreement (P&S) and put down the required deposit. This deposit will be 1.5% of the sales price minus the \$500 deposited with the Offer to Purchase. The Purchase and Sale Agreement will have the actual closing date on it.

After the Offer to Purchase is signed, the Beaver Pond Commons Sales Team will give the applicant the Purchase and Sale Agreement, the Deed Rider (which should be attached to the P&S), and the Master Deed. You may also have the bank that is offering your mortgage commitment review these documents.

If the applicant fails to sign the Purchase and Sale Agreement by the agreed upon date (or chooses not to sign it), they will be dropped from the Waiting Lists and the next applicant in line will then be notified that they are “on the clock” to sign a Offer to Purchase.

Q: If I reserve a unit (through the Offer to Purchase and/or P&S) and then a unit that was not available when I was selecting my unit becomes available (ex: a household who had reserved a unit with a Offer to Purchase never signs their P&S or a household fails to close on a unit), can I “switch” my unit for this newly available unit?

A: No. If you are given the opportunity to reserve a unit, you are allowed to pick from all the available units at that time. It does not entitle you to pick any unit that may become available at any point in the future (specifically because another household was unable to close). Once you have reserved your unit, you may not swap that unit for another unit.

Step 7: Obtain Mortgage Commitment

Mortgage pre-approval does not ensure a mortgage commitment. Once a household has a signed Purchase and Sale Agreement, they will need to go back to their lender that issued them their pre-approval letter and obtain a Mortgage Commitment. This process will begin immediately after signing the P&S. Households do not need to go back to the same lender that gave them their pre-approval letter but it is recommended.

If a household fails to obtain a Mortgage Commitment by the mortgage contingency date in their Purchase and Sale Agreement, their deposit will be refunded and they will be dropped from all Waiting Lists.

Please note that each lender will handle the Mortgage Commitment differently and this packet only serves at a guide through this process. Generally, the lender will want to see the Purchase and Sale Agreement, the Master Deed, the Condominium Documents and the Deed Rider. They will also do an appraisal of the property once the property is ready to move into. Once the appraisal is complete, the household will be able to close on the home.

Step 8: Final Review for Program Eligibility

Before a household can close on their affordable unit, SEB must do a final review of the household's eligibility income and asset eligibility and the Monitoring Agent must do a review of the household's mortgage eligibility in order to prepare the Resale Price Certificate and Deed Rider that must be recorded at the closing.

It is therefore essential that all households continue to maintain records of all income and assets until they close on their affordable unit **and maintain program eligibility!**

One month prior to the closing date, households will need to complete a Final Review Application and submit all recent income and asset documentation to SEB. SEB will review the Final Review Application and determine if the household is still eligible according to affordable housing program guidelines. If a household is no longer eligible (over the allowable income and asset limits), the household will not be able to purchase an affordable unit.

Additionally, approximately 1 month prior to closing, households must submit a copy of the MORTGAGE COMMITMENT LETTER from the buyer's lender including interest rate, points, length of loan, and annual percentage rate.

SEB will forward the final package of documentation to the Monitoring Agent who requires the documents no less than 2 weeks before the loan closing date. They will review the P&S, Master Deed and mortgage. They will then mail and fax the Resale Price Certificate to the developer's closing attorney who will then complete the Deed Rider to record at the closing.

Age Qualified Households, Displaced Homemakers and Exempt Single Parents that are current homeowners will not be able to receive a Resale Price Certificate until they have sold their home. Once their home is sold, they will need to send their HUD-1 Settlement Statement Certificate (received at closing) to the Monitoring Agent along with all of the above documentation. The Monitoring Agent will then perform a final review of their eligibility to ensure that the household did not exceed the established limit of \$75,000 in net proceeds from the sale of their home. If the household remains asset eligible, and all the above documentation is in order and meets program guidelines, the Monitoring Agent will issue a Resale Price Certificate.

Step 9: Closing and Move-in

The Purchase and Sale Agreement will set the Closing Date. If all the steps above are followed, the closing should go smoothly. Your lender and lawyer will be able to guide you with all the steps starting with the Offer to Purchase.

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

This is not the Deed Rider. The actual Deed Rider will be prepared by the Developer, reviewed by the Monitoring Agent and provided on the day of each unit closing. A copy of an Example Deed Rider will be on the SEB website.

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. The rider in part will ensure that the home will stay affordable in perpetuity.

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, significant deed restriction provisions must be observed:

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 CHAPA and the Town. In addition, you must notify CHAPA and the Town if you are going to refinance your mortgage.

CAPITAL IMPROVEMENTS

Capital improvements must be approved by CHAPA and the local community in order to be considered and added to the resale price. Capital improvement's are defined as a necessary maintenance improvement, not covered by a condominium or homeowner association fee, that if not done would compromise the structural integrity of the property. Examples of necessary capital improvements include new roof, heating or plumbing replacement, repair due to termite or water damage, etc. Improvements such as the installation of outdoor decks, flooring (except in cases of replacement due to damage or long-term wear), additions, garages, landscaping, and other items identified by the owner that are upgraded or luxury improvements will not be considered capital improvements and cannot be added to the resale price when the property is sold.

NOTICES WHEN SELLING YOUR HOME

When you wish to sell your home, you must notify the Town and CHAPA. This notice is referred to as the “Conveyance Notice” in the Deed Rider. The notice must include the Resale Price Multiplier (see below) and the maximum resale price, which CHAPA must approve.

MAXIMUM RESALE PRICE

The Maximum Resale Price is limited by the percentage change in the area median income, with credit for certain capital improvements that must be pre-approved by CHAPA.

As an example only, the maximum resale price is calculated assuming a base number (most recent published Area Median Income as determined by HUD). At the time of initial sale the AMI is \$ 95,500 (A) and the initial sales price is \$ 200,000 (B) the Resale Price Multiplier would equal $B/A = (C) = 2.094$. Upon resale, assuming the base number has increased to \$ 99,300 (D).

The Maximum Resale price (E) would then be:

Base number (D) x Resale Price Multiplier (C) = $\$99,300 \times 2.094 = \$207,934$ (E)

If there have been capital improvements pre-approved by CHAPA (ex. new roof, \$5,000), the Maximum Resale Price would be:

$(E) + \text{Approved Capital Improvements} = \$207,934 + \$5,000 = \$212,934$

Please note that the Deed Rider requires that the Maximum Resale Price must still be affordable!

RESALE PROCESS

Under no conditions can the home be sold for more than the Maximum Resale Price.

Once the Town of Milford and CHAPA receive the notice to sell, the Town has 90 days to find an eligible buyer (a homebuyer whose income is at 80% of the base area median income and who meets the asset limit). The Town/CHAPA can also decide within those 90 days to purchase the home.

If the Town/MASSHOUSSING finds an eligible buyer within the 90-day period, an Eligible Purchaser Certificate will be issued to the new buyer. The certificate states that the sale complies with the Deed Rider. If the Town/CHAPA purchases your home, a Municipal Purchaser Certificate is issued.

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

If 120 days pass from the date of the Conveyance Notice, and the Town/CHAPA cannot find an eligible buyer and the Town/CHAPA does not want to purchase the home, you may sell your home for the Maximum Resale Price to an Ineligible Buyer who will also have to sign a Deed Rider, ensuring the home will still be subject to all the same rights and conditions.