

Franklin Heights Franklin, MA

AFFORDABLE HOUSING LOTTERY INFORMATION PACKAGE AND APPLICATION



Section One

Questions & Answers

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AFFORDABLE HOUSING LOTTERY



Development Name: Franklin Heights Estates

Location: Shayne Drive, Franklin, MA

INTRODUCTION & OVERVIEW

An integral part of the lottery package includes the Frequently Asked Questions section which must be read prior to completing and submitting the application.

A private developer, Merion Corporation and officials of the Town of Franklin have collaborated to provide this affordable housing opportunity in accordance with the Department of Housing and Community Development's Local Initiative Program ("LIP").

This lottery is for the 18 unit condominium building of which 7 of the units will be designated as affordable and sold to first time homebuyers with incomes at or below 80% of the area median income. Each of the 7 units will have 2 bedrooms and 1 bathroom.

The Town of Franklin is located 35 miles southwest of Boston and less than 20 miles north of Providence Rhode Island in Southeastern Massachusetts. Franklin is the at the center of the Tri-Center Cohesive Commercial Statistical Area, which includes nine communities within commuting distance of Boston, Worcester, and Providence Rhode Island. Of these nine communities, Franklin is bordered by Norfolk (East), Medway (North), Wrentham (South), and Bellingham (West). Franklin is a part of the Boston MSA (Metropolitan Statistical Area).

The Town of Franklin is home to Dean College that has been ranked in the top 40 by US News and World Report for 'Best Regional Colleges' for the North Region for 2013. Franklin has good transportation networks with Route 140, convenient access to highway I-495 and major routes such as the Massachusetts Turnpike (I-90), Route 1 and I-95. In addition to this well integrated roadway system, Franklin is host to two MBTA commuter rail stations.

Although located on a private road known as Shayne Drive, the primary entrance road to the development is called Trooper Paul Barry Way located off of Lincoln Street. All roads within the development will remain private and will be maintained by the Condominium Association.

The affordable units will be sold at the initial sales prices \$149,000 for a two (2) bedroom condominium unit. It is estimated that the total **monthly cost** of your mortgage payment including Principal, Interest, Real Estate Taxes, Private Mortgage Insurance (PMI), Hazard Insurance, condominium fees (approximately \$170/mo) will be approximate **\$1,211**. This assumes a 30 year, 3.81% fixed interest rate with a 5% down payment. **You cannot rely on this estimated amount**, this is only an estimate, your actual mortgage payment may be different based on your actual interest rate and other factors. You should verify your actual mortgage payment with your lender and or accountant.

This monthly mortgage payment is **pre-tax and does not include the tax advantage of home ownership**. To determine you net expense post tax you should consult with your accountant or tax advisor.

All affordable units will have a "Deed Restriction" that will be recorded with the mortgage at the time of purchase. This deed restriction in part, limits the amount the home can be resold for or refinanced for and requires that it be resold to another affordable buyer. For a summary of the affordable housing restriction, refer to the Homebuyer Disclosure Statement on page 14. You may also log on to our website www.DelphicAssociates.com for a complete typical (LIP) Deed Rider or the Department of Housing and Community Development's website www.Mass.Gov/DHCD.

AVAILABILITY OF APPLICATIONS

Applications can be downloaded on the following websites:

- Delphic Associates: www.DelphicAssociates.com
- MassAccess /Affordable Housing Registry: www.massaccesshousingregistry.org
- Mass Affordable Housing Alliance: www.massaffordablehomes.org

Applications can be picked up at the following locations:

Franklin Town Hall
355 East Central Street
Franklin, MA 02038

Franklin Public Library
118 Main Street
Franklin, MA 02038

Should you not have access to the internet you may call Delphic Associates at 508-994-4100 and an application will be mailed to you.

It is anticipated that there will be more interested and eligible applicants than available homes. A lottery will be held as further described herein.

FREQUENTLY ASKED QUESTION FOR HOUSING LOTTERIES

Q. Why is there a Lottery?

A: The lottery selection process is for use in the typical situation where the number of affordable applicants exceeds the number of affordable homes.

Q: Who is eligible to apply for Affordable Homes?

A: **Applicants must be first-time homebuyers.** A person is a “first-time home buyer” if no person in his or her household has, within the preceding three years, owned a home or owned an interest in a home with one or more people, such as through joint ownership with the **exception of:**

- 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
- 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
- Elderly households (where at least one household member is 55 or over);
- Households that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; and
- 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.

Individuals who have a financial interest in the development and their families shall not be eligible.

Q. If I am currently in the process of a separation and plan on being legally divorce can I still apply?

A: Your divorce does not need to be finalized when you apply for the lottery; however it must be finalized before you sign the purchase and sale agreement. You will not be allowed to purchase and affordable home until the terms regarding the allocation of assets and custody of children must be finalized, so you're your income and assets eligibility can be accurately be determined. If you have only filed for separation and your divorce is not finalized, you will not be allowed to purchase one of the affordable homes.

Q: I am disabled; will the unit be modified based on my disability?

A: Developer, staff and consultants are committed to the intent and the spirit of both **state and federal fair housing laws** in the selection of lottery applicants. They will not discriminate against any protected class in the selection of applicants. Furthermore, the developer has pledged that reasonable accommodations will be taken into consideration for an approved qualified disabled applicant, to adapt the home for the applicants' particular disability.

MAXIMUM INCOME - 2015

Q: What is the maximum family income and asset eligibility requirement?

A: A: To be eligible to purchase an affordable home, annual income and assets of all **household members** must be below the maximum level as adjusted for family size.

Maximum allowable household total income for this development cannot exceed:

Household Size	1	2	3	4
Max. Income	\$48,800	\$55,800	\$62,750	\$69,700

Generally on an annualized basis the US Department of Housing and Urban Development (HUD) publishes income guidelines. The applicant will be subject to the published guidelines in effect at the time of their application.

MAXIMUM ASSETS

Household assets shall not exceed \$75,000

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.

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.

Household Assets DO NOT include the following:

- Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).
- Interests in Indian trust land.
- Term life insurance policies (i.e., where there is no cash value).
- Equity in the cooperative home in which the applicant lives.
- 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.
- 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.

Q: How do you determine household income?

A: The Lottery Agent will determine a household's income based on all sources of income for all household members ages 18 or older with the exception of full time students.

This includes, but is not limited to, Social Security, alimony, child support, overtime pay, bonuses, unemployment, severance pay, part-time employment, matured bonds, monies to be received in court settlements and imputed interest and dividends on bank accounts and other assets.

Q: What constitutes a household?

A: A household constitutes the number of persons who plan to reside the home regardless of marital status. Gross income from all household members over the age of 18 (except for full time students) shall be considered in determining compliance with income eligibility requirements.

Q: I am expecting a child do I add the child to our household size?

A: You must submit documentation from your OBGYN (Obstetrician/Gynecologist) or adoption agency stating you are expecting a child. This will determine if the child can be included in the household.

Q: How will applicants for the affordable homes be selected?

Only complete applications will be entered into the lottery.

A: Each applicant shall be assigned a confirmation code once all required information is received. Those confirmation codes are placed in each lottery pool (family size) in which they qualify. **Late applications will not be considered for the lottery. NO EXCEPTIONS.** Applicants will be ranked according to their lottery number drawn in each category.

After the lottery, the highest ranked participants will be screened for any additional information required and verified priority, and upon approval of eligibility by DHCD will be invited to enter into a Purchase and Sale agreement and subsequently thereafter apply for a mortgage loan to purchase an affordable home. Affordable homes will be offered among the highest-ranking applicants who are found to be eligible and qualify for a mortgage loan. Applicants shall not be allowed to pick the style or location of the home. They shall simply be offered to purchase the next affordable home.

Q: When will the affordable home be available for occupancy?

A: The minimum rate of construction of the affordable unit is based on the comprehensive permit. Typically, the ratio is 1 Affordable Unit for every 3 Market Rate Units built. Generally the minimum rate at which the affordable homes will be built is at a percentage of all of the homes under construction as determined by the comprehensive permit issued by the Zoning Board of Appeals. The developer has the option of accelerating this ratio.

Q: Is there any preference or priorities for any applicants?

A: Preference shall be given to households requiring the total number of bedrooms in the home based on the following criteria:

- There is at least one occupant and no more than two occupants per bedroom.
- 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.

- 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.
- A preference for family size will be given to applicants as follows:
 - 4 or more persons in the household, followed by
 - 3 persons in the household, followed by
 - 2 person in the household, followed by
 - 1 person in the household.

Q: Do I have to be a resident of the Town to apply?

A: No. All households that meet the income guidelines specified above may apply for an affordable unit.

Q: I have been selected in the lottery; do I automatically get a home?

A: No. Because you rank high in the lottery process does not mean that you automatically “win” a home. It means that you have won the opportunity not the obligation to purchase a home. You must still meet all program eligibility requirements and will need to receive a financing commitment to purchase the property. If you meet the eligibility requirements but are unable to secure financing you will lose the opportunity to purchase the home.

Q: I did not receive a high ranking in the lottery process will I be able to purchase a home?

A: Many times there is a movement on the ranking list. Applicants who received a high lottery ranking may have withdrawn their application or may not be able to obtain a financing commitment or decided not to go forward for a variety of reason. From time to time applicants can inquire of their status on the lottery list.

If there is an insufficient number of qualified applicants after all lottery lists have been exhausted, then upon DHCD approval, applications will be received on a “Rolling Basis” and homes will be given to qualified applicants on a first come first serve basis (“FCFS”).

Q: Once I am entered into the lottery drawing will additional documents be required.

A: Not for eligibility into the lottery drawing.

Q: If I presently own a home could I qualify to purchase an affordable home?

A: Yes. However, the home must be sold prior to purchasing (closing) on the affordable home. In addition you must not exceed the maximum assets, including equity as defined on page 7 of the FAQ.

Q: Once the lottery drawing has been held, will additional documents be required?

A: Yes. Prior to receiving “final approval” from the Monitoring Agent to purchase the home, you will need to obtain a “firm financing commitment” from your lender. Upon the Monitoring Agent’s review and approval of the terms and conditions of your financing commitment they will issue an “Eligible Purchaser Certificate” which must be recorded at the Registry of Deeds at the time of the closing. The Monitoring Agent may request/require additional information to make their independent determination.

FINANCING:

Q: Do I need to attend homebuyer education classes?

A: All financing programs offered by “MassHousing” www.MassHousing.com and “MassHousing Partnership” www.MHP.net and USDA www.rurdev.usda.gov require the borrower to complete a pre- homebuyer education course.

We strongly suggest that all applicants complete a pre-purchasing homebuyer course prior to entering the lottery. A schedule of upcoming first-time homebuyer workshops is posted on CHAPA’s website at www.chapa.org under “Looking for Housing?”

Q. Do we need to get a pre-approval from a lender?

A: A pre-approval is required for the application process.

Q. How or where do I apply for a mortgage?

A: We strongly recommend that applicants apply for financing with banks that are familiar with the affordable housing deed restrictions (see Deed Rider Summary) and guidelines for affordable housing programs.

There are many lenders and mortgage brokers that are familiar with the qualifying process to purchase the affordable homes. We are willing to share these references upon request by email or phone request. In addition there are other lenders and mortgage brokers who may participate in this process. Your lender must be an institutional lender.

There are many programs available for First Time Home Buyers including those offered by MassHousing. We suggest you or your lender refer to the MassHousing website www.MassHousing.com

There are programs being offered by the MassHousing Partnership (MHP) such as the “MHP Soft Second Program” which is offered to buyers typically at a rate of 1% less than lenders typical best rate to a conventional buyer. We suggest that you contact a lender who is on the list of lenders participating in the program as shown on the MHP website. www.MHP.net

Financing is being offered directly by United States Department of Agriculture (USDA) www.rurdev.usda.gov such as the 502 Direct Loan. A 502 Direct Loan can provide a lower monthly mortgage payment than a commercial loan. Based on income and real estate qualifications, the loan may provide an interest rate subsidy.

Q. Are there any requirements on the type of loan I receive?

A. Yes. The program requirements are:

- Down payment must be 3% of which half can be a gift. (*)
- Mortgage amount cannot exceed 97% of the purchase price. (*)
- Mortgage loan must be 30-fixed rate.
- The loan has a current fair market interest rate of no more than 2 percentage points above the current Mass Housing rate. (www.MassHousing.com)
- The Buyer may pay no more than 2 points.

Households should demonstrate availability of sufficient funds for a down payment, closing costs and pre-pays. Applicants should inquire with their lender as to what closing costs will be. Closing costs can

include but may not be limited to fees for Loan Origination, Appraisal, Credit Reports, Inspection, Document Preparation, Attorney and Title Insurance. Pre-Paid can include interest that accrues from the date of settlement to the first monthly payment. Pre-Paid can also include insurances such as Hazard, Flood, and Mortgage Insurance.

For down payment and closing costs assistance programs, please refer to www.mhp.net/uploads/resources/softsecond_community_contact_downpay_assist.pdf

Non-Household members cannot be co-signers on the mortgage.

*An exemption to the above may be allowed for mortgages given by the US Department of Agriculture (USDA) housing program or often state and federal housing programs that may offer 100% financing which must be approved by the Monitoring Agent.

Q: What are the minimum income requirements?

A: To qualify for a mortgage loan the total annual household income as determined by the lender and DHCD, must be adequate to support the requested mortgage amount.

Monthly housing costs (inclusive of principal, interest, property taxes, hazard insurance, private mortgage insurance and condominium or homeowner association fees) shall not exceed 38% of monthly income for a household earning 80% of area median income, adjusted for household size.

Q: Once I am approved by the lender are there additional approvals required.

A: Yes. Typically your lender will re-qualify you for the loan a few days prior to closing, including but not limited to an additional credit check, job verification, marital status, etc. As a result your lender could deny your loan even though it may have been previously approved.

Therefore, **“before any household member decides to make any lifestyle changes”**, such as but not limited to; job changes, marital status, substantial additional debt for payments for large purchases, etc., consult with your lender as to what effect this could have on your loan.

Q. Are there restrictions upon resale or refinancing?

A: Yes, the intention of the Affordable Housing Programs is to give persons the opportunity to purchase homes at reduced prices that otherwise may not qualify for a conventional purchase. There is a likely possibility that the home you are purchasing could be worth substantially more on the open market without the deed restriction. However, you would not be able to sell the home at market rate prices and pocket the difference

All affordable homes will have a “Deed Restriction” that will be recorded with the mortgage at the time of purchase. This deed restriction in part, limits the amount the home can be resold for or refinanced for and requires that it be resold to another affordable buyer. The deed restriction insures that the home stays affordable for perpetuity. You may find a summary of the Deed Restriction herein. .

Upon resale or refinance you must notify the community and the Monitoring Agent, in accordance with the requirements in the Deed Rider.

The Monitoring Agent will determine the Maximum Resale or refinancing amount. The price you paid for the property will be divided by the Base Income Number (which is the Area Median Income for a 4-person household). This determines the Resale Price Multiplier which is inserted into your Deed Rider. The Resale Price Multiplier will be multiplied by the Base Income Number at the time of your resale of the Property to determine the Maximum Resale Price. In addition,

the resale fee as indicated in the Deed Rider would be added to the Maximum Resale Price along with capital improvements of the home that had been approved by the Monitoring Agent.

Q. What if I do not fully understand the conditions of the Deed Rider?

A: Included in this lottery package there is a “Homebuyer Disclosure Statement” explaining some of Affordable Housing Deed Rider key components. If you have further questions and our office is unable to answer those questions to your satisfaction **we urge that you seek legal counsel.**

The Deed Rider is a critical legal document explaining your responsibility regarding re-sale, re-finance and household improvements.

To view the entire Deed Rider, either copy the following addresses and paste into your browser or type:

<http://www.delphicassociates.com/static/lip.pdf> **OR**

<http://www.mass.gov/hed/docs/dhcd/hd/lip/lipdeedrider.pdf>

**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 in Massachusetts 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 (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 _____, 2014

Homebuyer _____

Witness _____

Homebuyer _____

Witness _____



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
 COMMUNITY DEVELOPMENT**

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Tina Brooks, Undersecretary

**LOCAL INITIATIVE PROGRAM
 CAPITAL IMPROVEMENTS POLICIES AND PROCEDURES**

Dear Local Initiative Program (LIP) Homeowner:

Capital improvements *must be approved by DHCD and the local community* in order to be considered and added to the resale price. DHCD defines capital improvement 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 the following:

New roof	Septic tank replacement
Exterior painting due to deterioration	Heating or plumbing replacement
Structural deficiencies such as termite or other pest damage, water damage, or other maintenance as required	The replacement of siding, shingles or clapboard due to damage or long-term wear
Replacement of windows due to damage or long-term wear and tear	Other improvements identified by the owner and reviewed by DHCD.
Appliance replacement (stove, dishwasher, refrigerator)	

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.

If a condominium or homeowners' association has a special assessment, DHCD will take into consideration the cost to the homeowner on a case by case basis. Additional documentation may be requested.

At the time of resale, DHCD will determine the current value of the improvement based on the depreciation schedule. For example, if a new heating system is installed for \$5,000 and the owner sells the property 5 years later, the full \$5,000 will not be added to the resale price. As with market rate properties, the value of the heating system is the greatest when it is new and it depreciates over time.

