



Kendall Lane at Falmouth Heights

3 Brand New 3-Bedroom Single-Family Homes

Virtual Information Session via Zoom

Wednesday, February 16th 2022 at 5:30 PM

Register at: <https://haconcapecod.org/lotteries>

Application Deadline: April 1st 2022

Here are the steps that you should take starting today!

1. Contact one of the lenders on the list provided in the application package to **obtain a pre-approval**. It will take a lender about one week to be able to determine if you can obtain a mortgage for this property.
2. Applications that do NOT have a pre-approval letter are NOT complete and will NOT be part of the lottery.
3. Collect all the documentation that is required to be submitted with your application. Many of the documents are ones that the lender will also need.
4. Please send only **copies** of all documentation required, as HAC **cannot** copy your originals and return them to you.
5. Complete the application, answering all the questions and filling in the asset, liabilities and annual income charts.
6. Read carefully and sign the last page.
7. Submit the complete package: application, documentation and pre-approval letter from the lender for a mortgage in compliance with the Program Standards ASAP. (Please see details under "Application Process".)
8. Return your application to Housing Assistance Corporation by the absolute deadline **April 1st 2022 5:00 PM**. Applications will be reviewed for completeness when submitted. Submitting your application early will allow you time to provide any documentation determined missing before the deadline.

Don't Forget

9. Incomplete applications or applications received after the deadline will NOT be included in the lottery.
10. The lottery drawing will be held within 30 days of the application deadline at Housing Assistance Corporation.
11. Lottery winner is responsible for pre-payment of homeowner's insurance prior to purchasing their home.

Please call 508.771.5400, ext. 284 or e-mail ccre@haconcapecod.org with questions.

Traducción disponibles a petición 508-771-5400 x284 ccre@haconcapecod.org

Translation disponíveis mediante solicitação 508-771-5400 x284 ccre@haconcapecod.org



AFFORDABLE HOUSING LOTTERY

Q & A's

ELIGIBILITY

Who is eligible to participate in an affordable housing lottery?

A first-time homebuyer, as defined below, who is income and asset eligible and can be pre-approved for a mortgage that complies with **Affordable Housing Program Standards for New Mortgage Loans** (see "Application Process") is eligible to apply for an affordable housing lottery. Individuals who have a financial interest in this development and their families are not eligible to be in this lottery.

Do I qualify as a first-time homebuyer?

Applicants are considered first time homebuyer(s) if they:

- Have not had ownership interest in a residential property in the last 3 years.
- Are displaced homemakers-an adult who has not worked full-time for a number of years but has worked to care for home and family without pay and owned a home or resided in a home with his or her partner.
- Are single parents, unmarried or legally separated from spouse with sole or joint custody of one or more children or is pregnant who has owned or resided in a home with his/her partner.
- Have owned or currently own a principal residence not permanently affixed to a permanent foundation.
- Owned 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
- Have at least one household member who is age 55 or older.

What is the Area Median Income and does it change depending on my family size?

The Area Median Income (AMI) is established for Barnstable County by the Department of Housing and Urban Development. In order to be income eligible, your anticipated annual gross income for all current adult household members for the 12-month period following application must be at or below 80% of the AMI for Barnstable County as shown in chart below.

Household size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
Maximum Household Income	\$54,450	\$62,200	\$70,000	\$77,750	\$84,000	\$90,200

What is Annual Household Gross Income?

Annual gross income means all income, from all sources, of all current adult household members, for the 12-month period following application.



What is the asset limit?

The asset limit is \$75,000 per household. Household assets divested for less than full and fair cash value within the past 2 years will be counted at the full and fair cash value for purposes of calculating eligibility.

What is a household asset?

- Cash in savings accounts, checking accounts and safety deposit boxes, etc.
- Certificates of deposit, bonds, stocks, treasury bills, mutual funds and money market accounts.
- Revocable trusts.
- Equity in rental property or other capital accounts.
- Cash value of life insurance policies available to the applicant before death.
- Personal property held as an investment: Gems, jewelry, coin collections, or antique cars, etc. Personal jewelry is NOT considered an asset.
- Lump sum receipts or one-time receipts. (i.e. inheritance, 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.
- A mortgage or deed of trust held by an applicant.
- IRA, 401(k), 403B. *
- Retirement and pension funds. (if employed) *

*These will include only amounts the applicant can withdraw without retiring or terminating employment, minus any penalties or transaction fees. (You will be responsible to determine and verify how much of these funds are available to you as cash.)

Household assets **DO NOT** include:

- Personal property. (i.e. clothing, furniture, cars, wedding ring and other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities)
- Term life insurance policies. (i.e. policies with no cash value)
- Equity in the cooperative unit 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 source of income.
- Assets that are not effectively owned by the applicant.

APPLICATION PROCESS

How do I apply for a lottery?

You will need to submit a completed application along with the supporting documentation and a **pre-approval** letter for a mortgage from a lender on their letterhead before the deadline date.

What if I am having difficulty completing the application due to language proficiency or a disability?

HAC will provide reasonable accommodation and/or language assistance if needed when completing this application.

Este documento é importante, por favor, tê-lo traduzido

Este documento es importante, por favor, haz que se tradujo



Persons with disabilities may ask for this application in large print type or other alternate formats.

Persons with disabilities may ask for 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.

What documentation do I need to submit with my application?

Documentation of all household income & assets, local preference (if applicable) and a pre-approval letter is required. See the attached list for a complete list of acceptable documentation. For **each** and **every deposit** into **each** and **every** checking and savings **account**, provide documentation from the source of the money deposited.

How does my household size affect my position in the lottery?

Households that maximize the number of bedrooms have preference; i.e. a household requiring three bedrooms would have preference over a smaller household for a three bedroom home.

The following criteria are considered to determine if a household maximizes a unit:

- At least one occupant per bedroom
- Married or unmarried couples must share a bedroom.
- An increase to the number of bedrooms required may be allowed if there is a medical necessity for someone to have a separate bedroom. This would require that a physician certify the necessity.
- An unborn child may be counted as a household member if proof of pregnancy is submitted with the application.
- If the applicant is in the process of a divorce or separation, the applicant must provide proof that the divorce or separation has begun or has been finalized.

What are the Program Standards for New Mortgage Loans?

- Fixed interest rate through the full term of the mortgage
- The loan must be from a lending institution. Loans from private parties are not allowed.
- Interest rate that is no more than 2 percentage points above the current MassHousing Rate. This rate can be found at www.masshousing.com or call 617-854-1000, or ask your lender.
- No more than 2 points
- Buyer must provide a down payment of at least 3%, half of which must come from the buyer's own funds.
- Buyer may not pay more than 38% of their monthly gross income for principal, interest, property taxes, hazard insurance, private mortgage insurance and homeowner association fees.
- Non-household members are not permitted as co-signers of the mortgage.
- FHA & VA loans will not accept the terms of the deed restriction for these houses

What is a pre-approval letter?

Lenders will issue a pre-approval letter after they have reviewed your credit score, credit report, income and expenses. The pre-approval must be on the lender's letterhead showing the dollar amount and type of loan, and must include an authorized signature.

How do I get a pre-approval letter?

We have included a list of local lenders that are familiar with affordable housing guidelines and have special financing available for first-time homebuyers. Contact one of these lenders to tell them you are applying for a lottery and need a pre-approval letter. You should also ask how long the process will take to ensure the letter will be available prior to the application deadline.

Information to give to the Lender for your pre-approval:



- ✓ *The purchase price of the house. (with resale restriction)*
- ✓ *Falmouth MA property tax rate \$8.50/\$1000*
- ✓ *Homeowners Association fee: \$65.00/monthly*
- ✓ *Affordable Housing Deed Restriction – provided by HAC upon request.*

LOTTERY PROCESS

What happens after I submit the complete Application Package?

A complete Application Package includes the application form, required documentation and a pre-approval letter. HAC reviews this information to determine eligibility to participate in the lottery. If eligible, applicants will receive a registration number through the mail prior to the date of the lottery. The number of applications received by HAC determines how long this process takes.

What is an Alternate?

All registration numbers will be drawn and they will be recorded in the order drawn. Numbers chosen after the winning numbers have been drawn will be placed on an "Alternate" list. Applicants on this list are notified in the event a potential buyer is unable to complete the purchase.

What happens after the lottery?

All winners' files will be sent to the monitoring agent for final eligibility. After that, winning applicants have **three** weeks to obtain a mortgage loan commitment from a lender and will be counseled by HAC through the closing process.

SUMMARY OF AFFORDABLE HOUSING DEED RESTRICTION

An affordable housing deed restriction is a legal document recorded at the Registry of Deeds that specifies the resale, refinance and leasing provisions for the referenced property. The buyer of an affordable lottery unit, selected by lottery, must agree to execute a deed restriction, which will be recorded at the Barnstable Registry of Deeds at the time of purchase. This affordable unit will be sold at a substantial discount price with a Deed Restriction attached. The Deed Restriction ensures that the unit remains affordable for future purchasers of the property. **It is strongly recommended that purchasers of an affordable, deed restricted unit review the deed restriction with their attorney and lender.** Below is a general description of the deed restriction:

Principal Residence: The property must be the owner's principal residence.

Notice Requirement: If an owner wants to sell their affordable unit, they are required to notify the Town, the Monitoring Agent, and Masshousing.

Maximum Resale Price: There is a limit on the resale price of the unit so that the unit will always be affordable. The formula for calculating the maximum resale price will be established at the time of purchase and will be based on the Area Median Income at the time of resale.



Leasing and Refinancing: Affordable units cannot be leased or refinanced without prior written consent of the Town and the Monitoring Agent, and Massachusetts Department of Community Development DHCD

A copy of the affordable housing deed restriction for a particular project is available for review at Housing Assistance, 460 West Main Street, Hyannis, MA.

Don't Forget!

- Please return application to Housing Assistance Corporation by 5 PM on Friday, April 1st 2022
- Complete application and return **all** documents that apply to your household.
- Please send only **copies** of all documentation required, as we **cannot** copy your originals and return them to you.
- **Obtain a pre-approval letter** from a lender that is in accordance with the guidelines stated in this package.
- Applications that do NOT have a pre-approval letter are NOT complete and will NOT be part of the lottery.
- Please note: Lottery winners are responsible for pre-payment of homeowners' insurance prior to purchasing their home.

Please call 508.771.5400, ext. 284 or or e-mail ccre@haconcapecod.org with questions.



Lottery Application

Kendall Lane at Falmouth Heights



DEADLINE April 1st 2022 Please speak to a lender for a pre-approval before starting the application.

Personal Information

Applicant Name: _____ Co-Applicant Name: _____
Address: _____ Address: _____
Town: _____ State: _____ Zip Code: _____ Town: _____ State: _____ Zip Code: _____
Home Telephone Number: _____ Home Telephone Number: _____
Cell Phone Number: _____ Cell Phone Number: _____
E-Mail: * _____ E-Mail: * _____
Employer: _____ Employer: _____
Occupation: _____ Occupation: _____
Yrs. In current job: _____ Yrs in occupation: _____ Yrs. In current job: _____ Yrs in occupation: _____

HOUSEHOLD COMPOSITION (List the head of household and all members who will be living in the home you purchase. Give relationship of each member to the head of household.)

Full Name: *List Head of Household first	Relationship to Head of Household	Age	Full time Student over 18
	HEAD		

Have you recently (in the past 3 months) seen your credit report? _____

In your estimation how would you rate your credit history?

Poor _____ Fair _____ Good _____ Excellent _____ Don't Know _____

What do you currently pay for rent? _____

Does any member of your household currently or within the past three years own/owned any residential property? _____

If yes, please give details: _____

Is any member of the household 55 or over? _____ Anticipated net proceeds from sale of home: _____

Homebuyer education:

I have attended a Home Buyer Education Workshop series. Yes _____ No _____

If yes, location _____ Date _____

Do you have down payment money available? YES ☐ Amount: \$ _____ NO ☐

Please identify source of down payment (3%) OF PURCHASE PRICE

_____ Remember, you need to have at least 1.5% of the purchase price of your OWN money for down payment.

460 West Main St. Hyannis, MA 02601 ccre@hyaconcapecod.org 508-771-5400 fax: 508-775-7434



ASSETS (Please verify all cash deposits into all bank accounts) There is an asset limit of \$75,000

Type	Cash Value	Annual Income from assets	Bank Name
Checking Accounts			
Savings Accounts			
Retirement Plans (Net Cash Value)			
Real Estate Owned			
Stocks			
Other (i.e. rental property, lump sum payment)			

LIABILITIES (Car loan, Credit Cards, Student loans, etc.)

Type	Creditor's Name	Monthly Payment	Unpaid Balance	Due Date

YEARLY GROSS INCOME (An individual's total income before taking taxes or deductions into account)

Please provide proof of all income from all sources.

Source	Applicant	Co-Applicant	All other Household Members	Total
Salary				
Overtime Pay				
Commissions				
Fees				
Tips				
Bonuses				
Interest Dividends				
Net Income From Business				
Net Rental Income				
Social Security, Pensions, Retirement Funds, Etc. Received periodically				
Unemployment Benefits				
Workers Compensation				
Alimony, Child Support				
TAFDC				
Part Time Work				
Other				
Total Gross Monthly Income for each household member:				\$ /month

TOTAL HOUSEHOLD INCOME (Gross Monthly x 12)

\$ ____/year

NOTE: If a member of the household over the age of 18 is **NOT** working, he/she must provide, as part of the required verification, a signed notarized statement describing the current situation.

Area Median Income (AMI)

Affordable = Income is at or below the 80% 2021 AMI Barnstable County

Household size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
80% of AMI	\$54,450	\$62,200	\$70,000	\$77,750	\$84,000	\$90,200

My household size is _____ and the household income is at or below \$ _____.

The attached pre-approval letter is for a mortgage of \$ _____ and I/we have \$ _____ for a down payment. The combination of these 2 amounts is \$ _____ which is equal to or greater than the purchase price.

Minority Status: (Optional)

Ethnicity: **Hispanic:** _____ **Non Hispanic:** _____

(Optional)

Race:

- ☐ Native American /Alaskan Native ☐ Asian ☐ Black or African American
☐ Native Hawaiian or Other Pacific Islander ☐ Other (non-White) ☐ White

Multi Race:

- ☐ Native American /Alaskan Native and White ☐ Asian and White ☐ Black or African American and White
☐ Native American /Alaskan Native and Black or African American
☐ Native Hawaiian or Other Pacific Islander and White ☐ Other Multiple Race

HAC will provide reasonable accommodation and/or language assistance if need when completing this application.

Este documento é importante, por favor, tê-lo traduzido

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Local Preference

Definition: You and/or the co-applicant live in the Town of Falmouth work in the Town of Falmouth or have a child who attends school in the Town of Falmouth. You are required to document your local preference (utility bill, transcript, pay stub, id)

I live in the Town of Falmouth ☐ I work in the Town of Falmouth ☐

My child attends school in the Town of Falmouth ☐ I DO NOT have a local preference ☐

Summary of Deed Restriction & Statement of Understanding

An affordable housing deed restriction is a legal document recorded at the Registry of Deeds that specifies the resale, refinance, and leasing provisions for the referenced property. The buyer of the affordable unit, selected by lottery, must agree to execute a deed restriction, which will be recorded at the Barnstable County Registry of Deeds at the time of purchase. This affordable unit will be sold at a substantial discount price with a Deed Restriction attached. The Deed Restriction ensures that the unit remains affordable for future purchasers of the property. **It is strongly recommended that purchasers of an affordable, deed restricted unit review the deed restriction with their attorney and lender.** Below is a general description of the deed rider:

Principal Residence: The property must be the owner's principal residence.

Notice Requirement: If an owner wants to sell their affordable unit, they are required to notify the Monitoring Agent and the municipality. The Town may exercise its Right of First Refusal and locate an eligible purchaser for the property or purchase the home.

Maximum Resale Price: There is a limit on the resale price of the unit so that the unit will always be affordable. The formula for calculating the maximum resale price will be established at the time of purchase and will be based on the Area Median Income at the time of resale.

Resales: Lottery homes are required to be resold in accordance with the Affordable Fair Housing Marketing Plan to an eligible buyer. This buyer can be found on a "ready buyer" list that is maintained, analyzed, and updated through periodic marketing with reasonable public advertising by Housing Assistance Corporation and properties are also listed with CHAPA- Citizens' Housing and Planning Association and MAHA- Massachusetts Affordable Housing Alliance, and the Mass Access Housing Registry.

Leasing and Refinancing: Affordable units cannot be leased or refinanced without prior written consent of the Monitoring Agent.

Capital Improvement Policy: The monitoring agent will review capital improvement requests prior to work being done. Capital improvements are defined as "necessary maintenance improvements, not covered by a condominium or homeowner's association that if not done would compromise the structural integrity of the property.

A copy of the Deed Restriction for this project is available for review at Housing Assistance, 460 West Main Street, Hyannis, MA To request a copy by mail, please call 508-771-5400 ext. 284.

Statement of Understanding

I/We have read the Summary of the Deed Restriction for the lottery.

I/We understand that, if selected by lottery to purchase a affordable unit, a full copy of the Deed Restriction will be provided to me, and that if my household is certified as income eligible and is able to obtain an approved mortgage, that I/We will be required to execute the Deed Restriction at the time of purchase and it will be recorded along with the deed at the Barnstable County Registry of Deeds.

Applicant Signature

Date

Co-Applicant Signature

Date

This Page must be signed!



Certification, Disclosure, Understandings & Authorization

Certification: I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or neglectful misrepresentation(s) of information contained in this application may result in civil liability, and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., and liability for monetary damages to the lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon misrepresentation which I/we have made on this application.

Use of Information Disclosure: The information collected will be used to determine whether you are eligible to participate in various programs which may include the Resale Purchase and/or lotteries. This information may be disclosed as required and permitted by law outside the Housing Assistance Corporation without additional consent including to your employer for verification of income and employment, to financial institutions for verification of information and to the lottery monitoring agent (if applicable).

Household Eligibility: Individuals who have a financial interest in the development and their families shall not be eligible for this lottery.

Understanding of Selection:

- I/We understand that I/we are selected in the lottery, it does not guarantee that I/we will be able to purchase a home and that all expenses including closing costs and down payment are my/our responsibility.
- I/We also understand that it is my/our obligation to secure a fixed mortgage for the term of the loan and for not more than 97% of the purchase price of the home.
- I/We understand that we will need to have at least 1.5% of the purchase price of our own funds to be eligible for the lottery.
- I/We understand that even though I/we think that I/we have submitted all the necessary documentation and/or verifications, I/we are not guaranteed to be in the lottery if HAC finds that any documentation and/or verification are missing.
- I/We have read the application and all the attached information and understand the lottery process.

Authorization: I/We consent to the disclosure of such information for the purpose of income, asset and any other verification related to my/our application.

Applicant's Signature

Date

Co-Applicant's Signature

Date

**Send completed application, in person or electronically with copies of required documentation.
Including mortgage pre-approval letter**

DEADLINE April 1, 2022 5:00 PM

**Housing Assistance Corporation
Lottery
460 West Main Street
Hyannis, MA 02601**



REQUIRED DOCUMENTATION CHECKLIST

THIS IS A LIST OF ACCEPTABLE DOCUMENTATION TO DETERMINE ELIGIBILITY

****Please note that we will only accept copies of these documents****
If the line item does not apply to you, simple write N/A in the box.

Please remember that ALL HOUSEHOLD income must be counted, even if only one person is obtaining the mortgage.

- ☐ **Proof of identification** (driver's license, social security card, birth certificate.)
- ☐ **Pre-approval letter** from a bank in accordance with LIP guidelines. NO FHA/VA loans
- ☐ **Complete application.** Please use N/A for items that do not apply
- ☐ Five most recent, consecutive **pay stub copies** for all working members of the household, 18 years and older.
- ☐ **Verification of Employment** form from all employers for all working members of the household, 18 years and older. Must be completed by employer.
- ☐ **No Income Certification form.** If a member of your household is 18 years or older and NOT working, a notarized statement to that effect is needed. This applies to all household members age 18 and older.
- ☐ **Child support documentation.** Child support (copy of divorce decree, child support order, copy of support checks), if you have children eligible for child support and you do NOT receive child support, please provide a NOTARIZED statement to that effect.
- ☐ **Student status certification.** Please submit documentation for each child 18 years of age or older verifying their full time status in order to have some of their income not counted in the household total.
- ☐ **Verification of any other household income** e.g.: Social Security, SSI, VI benefits, unemployment benefits, and/or public assistance. We need an official statement of monthly amount received for the current year. (Copies only)
- ☐ **Savings account statement.** Submit the 3 most recent bank statement copies. (Savings account)
- ☐ **Checking account statement.** Submit the 3 most recent bank statement copies. (Checking account)
- ☐ Documentation to prove your local preference for lottery e.g.: utility bills, driver's licenses, tax bills, rental agreements etc. (Copies only)
- ☐ **Federal tax returns (1040)**-Copies of signed tax returns for the past three (3) years. You WILL have to provide all three years. We will also need W-2's and 1099-R forms for the most current full year. If you have no filed a tax return for any of the years requested, we will need a notarized statement that you have no filed for a particular year and why. PLEASE DO NOT SUBMIT STATE TAXES
- ☐ **Verification of cash value of all assets** (assets are generally non-cash items that can be converted to cash, such as stocks, Certificates of Deposits, IRA's retirement funds). This does not include car or furniture. (Copies only)

Self-Employment: People who are self-employed will need to submit ALL of the above documents plus the following:

- ☐ Copies of Schedule C for the past two (2) years
- ☐ A NOTARIZED statement reflecting your earning and expenses for the current year. The name of the business must be on the Profit & Loss statement. It must show quarterly or yearly profit and loss, including all income and expenses and must be for at least three (3) consecutive months.

Lenders Familiar with Deed Riders and First Time Homebuyer Mortgages

Cape Cod Five Cent Savings Bank Darin Weeks dweeks@capecodfive.com Diane Pansire dpansire@capecodfive.com Patti Lotane plotane@capecodfive.com Susan "Sam" McCaffrey smccaffrey@capecodfive.com Tabitha Baker tbaker@capecodfive.com	508-477-0159 508-247-5526 508-247-2138 508-247-2273 508-247-2130	Mass Housing USDA Rural Development
First Citizens Federal Credit Union Eleanor Weller Eleanor.Weller@firstcitizens.org	508-790-8588	MHP One Loan Mass Housing
Citizen's Bank Lisa Oakley Lisa.oakley@citizensbank.com Stephen Ross Stephen.ross@citizensbank.com	774-313-0437 508-360-2115	MHP One Loan
Martha's Vineyard Savings Bank Addie Drolette adrolette@mvpbank.com	774-310-2027 508-360-3274	First Time Buyer Program
Fairway Independent Mortgage Corporation Jeff Kobold jeff.kobold@fairwaymc.com	508-221-6254	Mass Housing
Radius Financial Group Amy Downey adowney@radiusgrp.com	508-648-9422	Mass Housing USDA Rural Development
Santander Bill Carey Wcarey2@santander.us	774-994-1078	MHP One Loan
Shamrock Financial Savannah Fabbio Savannah.Fabbio@ShamrockFinancial.com	508-317-8183	Mass Housing
USDA Rural Development Ticia Weare Ticia.weare@ma.usda.gov Patty Whalen Patty.Whalen@ma.usda.gov	508-295-5151 ext. 4	USDA Rural Development (not available in the Town of Barnstable)
Cooperative Bank of Cape Cod Charlotte Green cgreen@mycapecodbank.com	508-568-3443 508-568-4444 508-568-3308	Mass Housing

HOMEBUYER DISCLOSURE STATEMENT

For Projects in Which Affordability Restrictions Survive Foreclosure

You (the Homebuyer) have expressed an interest in, or are about to purchase, a home located at 1014 Dighton Woods Circle Dighton, Massachusetts (the “Municipality”) at less than the home’s fair market value. The home was constructed under a state subsidy program that requires that this home be sold to a purchaser who meets certain income, asset and, in some cases, age limitations (an “Eligible Purchaser”)

In exchange for the opportunity to purchase the home at or less than its fair market value, you must agree to certain use and transfer restrictions. As the Owner of an affordable unit, you should be aware that there are three (3) legal documents that have been, or will be, recorded on your property to ensure that your unit remains affordable in perpetuity. They are:

1. The ***Regulatory Agreement***.

- The Regulatory Agreement is an agreement between the developer who constructed your home and MassHousing. The Regulatory Agreement stipulates, among other things, the Affordability Requirements for your home.

2. The ***Affordable Housing Restriction*** (also known as the “Restriction” or “Deed Rider” or “Affordable Housing Deed Rider”).

- The Affordable Housing Restriction is attached to the deed to your home and lays out the affordability restrictions and requirements that you must follow to ensure the unit remains affordable in perpetuity.

3. The ***Affordable Housing Restriction Mortgage***, in which MassHousing is Mortgagee.

- This is a non-financial mortgage between the Homeowner and MassHousing. It is important to recognize the **MassHousing Mortgage does not mean that you have a loan with or owe money to MassHousing**. Rather, this Mortgage reinforces the terms of the Affordability Restrictions and was put in place as a deliberate mechanism to alert financial institutions, such as banks or lenders, of the unit’s value under the state subsidy program.

These documents, collectively, authorize your Monitoring Agent and MassHousing to enforce the Affordability Requirements, and ensure that annual compliance requirements as provided in the Regulatory Agreement are carried out.

These restrictions are described in detail in an Affordable Housing Restriction that will be attached to the deed to your home.

This Homebuyer Disclosure Statement summarizes the restrictions and requirements imposed by the Affordable Housing Restriction. **YOU SHOULD READ THE AFFORDABLE HOUSING RESTRICTION IN ITS ENTIRETY BECAUSE IT IMPOSES LEGAL REQUIREMENTS ON YOU.**

In addition to the restrictions imposed by the Affordable Housing Deed Rider, there may be other Guidelines and Regulations that lay out further requirements or restrictions related to your affordable home. MassHousing also provides information to assist homeowners in understanding the state subsidy program restrictions.

I. Principal Residence – Owner Occupied

You must occupy and use the home exclusively as your primary residence during the period the home is owned by you, except as noted below.

II. Required Consents from the Monitoring Agent

You must obtain the prior written consent of Housing Assistance Corporation (the “Monitoring Agent”) before you do **any** of the following:

1. Lease or rent your home
 - Your Monitoring Agent may grant permission to rent your home on a temporary basis and not to exceed one (1) year, but you must contact your Monitoring Agent before you rent or lease your home.
2. Refinance your mortgage or obtain a second mortgage loan
 - You must contact your Monitoring Agent, who will review your request **before you may close on a new mortgage loan.**

Note: your new first or second mortgage must have the following characteristics:

- Fixed-rate, fully amortizing mortgage
- No prepayment penalty or balloon payment
- Fair market interest rate - no more than 2% above the currently prevailing rate
- Loan amount not greater than 97% of your current Maximum Resale Price
- Second mortgage: the combining amounts of all mortgages may not exceed 97% of the Maximum Resale Price

HOME EQUITY LINE OF CREDIT (HELOCs) ARE NOT PERMITTED

3. Make Improvements to your affordable home
 - Capital Improvements must be “necessary maintenance improvements, not covered by a condominium or homeowner’s association that if not done would compromise the structural integrity of the property. In other words, only necessary maintenance improvements qualify for future sale price consideration. Capital Improvements can be added to your resale price, if approved in advance.
 - If you are considering making improvement(s) to your home, you must contact your Monitoring Agent.
 - Below is a non-exhaustive table of improvements that **do** and **do not** qualify as capital improvements.

QUALIFY AS CAPITAL IMPROVEMENTS	DO NOT QUALIFY AS CAPITAL IMPROVEMENT
New Roof	Installation of central air conditioning
Replacement windows due to wear and tear	Outdoor decks
Replacement of siding due to damage, wear& tear	Additions
Exterior painting due to deterioration	Finishing of unfinished spaces
Heating or plumbing replacement	Garages
Structural deficiencies such as termite or other pest damage, water damage, or other maintenance as required	Landscaping
Septic tank replacement	Upgraded flooring (e.g. from carpet to hardwood)
Appliance Replacement (stove, dishwasher, refrigerator)	Other items identified by the owner that could be considered upgrades or luxury improvements
Other improvements identified by the owner and approved by the Monitoring Agent	

If you are considering leasing or renting your home; refinancing your mortgage or obtaining a second mortgage; or making improvements to your home, **YOU MUST CONTACT YOUR MONITORING AGENT** _____ (insert name, email address and phone number)

If you do not obtain any required consent from the Monitoring Agent for any of the above, you may be required to pay any rents, profits, or proceeds you receive from the transaction upon demand to the Municipality for its Affordable Housing Fund. The Monitoring Agent or Municipality may institute proceedings to recover such rents, profits or proceeds, and costs of collection, including attorneys' fees. Upon recovery, after payment of costs, the balance will be paid to the Municipality for deposit to its Affordable Housing Fund.

In the event that the Monitoring Agent consents to any the lease, refinancing, or mortgage, it shall be a condition to such consent that all rents, profits or proceeds from the transaction, which exceed the actual carrying costs of the property as determined by the Monitoring Agent, will be paid to the Municipality for deposit to its Affordable Housing Fund.

The Affordable Housing Restriction may require that a Resale Fee be paid to the Monitoring Agent for its work required in connection with any resale of the home, as described below.

III. Resale Requirements

When you sell your home, you are also required to give written notice to the Monitoring Agent and to MassHousing (Planning & Programs Department) of your desire to sell so that they may locate an Eligible Purchaser for the home.

The allowed sale price is defined as the "**Maximum Resale Price**" in the Affordable Housing 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 your affordable home to the time of the resale plus:

- The Resale Fee as stated in the Affordable Housing Deed Rider
- Approved marketing fees, if any; and
- Approved Capital improvements, if any.

The Maximum Resale Price will never be more than the amount for which an Eligible Purchaser earning 70% of the area median income, as defined by a formula set forth in the Affordable Housing Deed Rider, could pay. The sale price will also never be less than the purchase price you paid, unless you agree to accept a lower price.

The Monitoring Agent will 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 the Monitoring Agent or the Municipality or designee. This time period can be extended as provided in the Affordable Housing 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 Agent and MassHousing during the resale period. If an Eligible Purchaser fails to purchase the home and the Monitoring Agent or the Municipality or designee fails to purchase the home, you may sell the home to a purchaser who does not qualify as an Eligible Purchaser (this purchaser is referred to as an ineligible purchaser) subject to the following:

- the sale must be for no more than the Maximum Resale Price,
- the closing must be at least 30 days after the closing deadline described above,
- the home must be sold subject to the Affordable Housing Deed Rider, and
- if there are more than one interested ineligible purchasers, preference will be given to any purchaser identified by the Monitoring Agent 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 Affordable Housing Deed Rider), is subject to the normal and customary terms for the sale of the property which are set forth in the Affordable Housing 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 your affordable home or that you will receive the Maximum Resale Price (or any other price) for the sale of your home.

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

If you attempt to sell or transfer the home without complying with the Affordable Housing Deed Rider requirements, the Monitoring Agent and/or MassHousing may, among their other rights, void any contract for such sale or the sale itself.

IV. Foreclosure

If the holder of a mortgage delivers notice that it intends to commence foreclosure proceedings, the Affordable Housing 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 to 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 Affordable Deed Rider, you are agreeing that you will cooperate in executing the deed and 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 Agent and MassHousing, 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 Affordable Housing 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 Affordable Housing 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 home. In addition, the foreclosing lender retains the right to pursue a deficiency against you.

V. Violation of Restriction Requirements

If you violate any of the Restriction terms, you will be in default and the Monitoring Agent and/or Municipality may exercise the remedies set forth in the Restriction. If the Monitoring Agent and/or the Municipality brings an enforcement action against you and prevails, **you will be responsible for all fees and expenses (including legal fees)** for the Monitoring Agent and Municipality. The Monitoring Agent and Municipality can assert a lien against the home to secure your obligation to pay those fees and expenses.

VI. Special Rules for Ineligible Purchasers

If you are authorized to purchase the home but do not qualify as an Eligible Purchaser at the time of purchase, you do not need to occupy the home as your principal residence. However, you must obtain the consent of the Monitoring Agent to rent the home. The rules for rental by an ineligible purchaser are governed by the relevant subsidy program guidelines. In general, you may rent only to a tenant who would qualify as an Eligible Purchaser at a rent level deemed affordable according to MassHousing rental standards. **You should contact the Monitoring Agent for further details prior to renting your home.**

VII. 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 Affordable Housing Restriction and understand the legal obligations that I undertake by signing that document.

Revised 4/22/2021

You must contact your Monitoring Agent Housing Assistance Corporation who will provide you with detailed information regarding your responsibilities as outlined in the Affordable Housing Deed Rider. You may also wish to seek legal advice.

Dated _____, 20__.

Witness

Homebuyer

Witness

Homebuyer

APPENDIX I

DEFINITION OF INCOME

Annual gross income means all amounts, monetary or not, which go to, or on behalf of, the family head or spouse or to any other family member received from a source outside the family during the 12-month period following application.

Annual income includes but is not limited to:

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses, and other compensation for personal services.
2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted as provided by the Internal Revenue Service regulations.
4. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount that is the delayed start of a periodic payment.
5. Payment in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay.
6. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
7. All regular, special pay, and allowances of a member of the Armed Forces.
8. Income derived from assets to which any member of the family has access.

Annual Income Does NOT include the following:

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults. (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone)
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses.
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in-aid.
6. The full amount of student financial assistance paid directly to the student or to the educational institution.
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. Temporary, nonrecurring, or sporadic income such as gifts.
9. Deferred periodic amounts from Supplemental Social Security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
10. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
11. Amounts specifically excluded by any other Federal statute from consideration as income for the purpose of determining eligibility or benefits under a category of assistance program.

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 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 two years 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 the purpose 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 (6) months.
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 cost 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 any money market accounts: The value of stocks and other assets vary from one day to another and should be determined no more than one month in advance of the applicant's submission 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 (6) months. (Do not count withdrawals as income.)
6. Retirement and pension funds:
 - a. While the person is employed: Amounts the applicant withdraws 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 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 receipts is a onetime receipt and the it does not represent delayed periodic payments, then the account 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 surrendered value of whole life policy or a universal policy): Do 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 investment. Personal jewelry is NOT considered an asset.
9. Lump-sum receipts or one-time receipts: Inheritance, capital gains, one-time lottery winnings, victim's restitution, settlement 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 for 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.)
11. A life estate: A life estate is an interest in real property which entitles the life tenant to benefit from the property until his or her death. Usually, the life tenant is entitled to the use of a house for life and may be entitled to sell his or her interest. This right is of value to the tenant, but is rarely sold on an open market. (Purchasers of real property would typically not be tempted by such an uncertain term of ownership.)

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

Household Assets DO NOT include the following:

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