

Information Packet

Beaver Pond Commons

Milford, MA

An Affordable Housing Lottery

Facilitated on behalf of AFCO Land Development

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for the **first 5 affordable condos** being offered in Beaver Pond Commons in the Town of Milford.

AFCO Land Development 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.

There will also be an Information Session on April 14th at 7 pm in Room 14 in Milford Town Hall. Attendance at the Info Session is not required for participation in the lottery.

Two affordable units are already completed and available for immediate purchase after the lottery.

APPLICATIONS DUE BY May 12th, 2010

Phone: (617) 782-6900 (voicemail)

Information Packet created by SEB

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GENERAL OVERVIEW AND SALES PRICES

Beaver Pond Commons fronts Beaver Street in Milford and is a community on 24 acres of 27 separate buildings. There are a total of 88 two-bedroom, single-family attached condominiums. The site is wooded and in close proximity to Interstate 495, Route 16 and Route 126. Twenty-two (22) of the units will be sold at affordable prices to households with incomes at or below 80% of the area median income.

The units all have the following: hardwood floors, granite countertops, plenty of cabinets w/pantry, first floor laundry, attached two car garage, central air, large decks, stainless steel appliances and extra large closets.

This Lottery is for the first 5 affordable units being built. Two affordable units will be ready at the time of the lottery and the next 3 will be built depending on the sales of the market rate units.

# of Affordable Units	Affordable Sales Price	Condo Fees	Bedrooms	Baths	Sq Ft.	Parking Spaces
22	\$157,000	\$175	2	1.5	1,700 sq. ft.	2

The estimated Total Monthly Housing Costs are \$1,303. Total Monthly Housing Costs are the estimated sum of your mortgage payment (30 year, fixed rate mortgage at current rates with a 5% down payment), your monthly real-estate taxes, insurance and Home Owners Association Fees. Amended

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 on pg. 23.

Since it is anticipated that there will be more interested and eligible applicants than available units, the Town and 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 in Milford does not discriminate based on race, color, national origin, religion, sex, familial status, and handicap (disability). Disabled persons are entitled to request a reasonable accommodation of rules, policies, practices, or services, or to request a reasonable modification of the housing, when such accommodations or modifications are necessary to afford the disabled person equal opportunity to use and enjoy the housing.

GENERAL ELIGIBILITY REQUIREMENTS

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 four 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)
- 4.) The households must be of appropriate size (see pg. 10)

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: To be eligible to purchase an affordable unit, annual household income must be within a particular range, set by maximum and minimum income levels and household assets may not exceed a set value. All details are on the following pages.

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 Step 5 in the Step-By-Step Process. For how much equity you are allowed to have in your current home, please see the Asset Limits in the following pages.

Q: 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 Step 5 in the Step-By-Step Process. For how much equity you are allowed to have in your current home, please see the Asset Limits in the following pages.

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

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

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

A: No. **Local Preference** will be given for the opportunity to purchase 15 of the 22 affordable units first (see page 25). The other 7 affordable units will be available to all eligible households (both Non-Local Preference and Local Preference).

MAXIMUM INCOME AND ASSET LIMITS

Q: How is a household's income determined?

A: The Lottery Agent will **calculate the income a household made over the 12 months prior to the date of the application.** In an effort to provide as accurate an income estimation as possible, the Lottery Agent must review all current and historical income data.

ALL SOURCES OF INCOME ARE COUNTED. Any monies you received in the past 12 months will be counted as income. This includes, but is not limited to, Social Security, alimony, child support, overtime pay, bonuses, unemployment, severance pay, part-time employment, matured bonds, monies to be received in court settlements and imputed interest and dividends on bank accounts and other assets.

For example, if a household applied for this lottery on May 15th, 2010, the total amount of money received by all members of the household from May 15th 2009 thru May 15th, 2010 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.

If a household claims that certain income will stop in the near future it will not affect the lottery agents review of eligibility as eligibility is based on a 12 month look-back. It is also 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 (Brockton MSA). The maximum incomes allowed for this program are:

<u>HOUSEHOLD SIZE</u>	<u>INCOME LIMIT</u>
1	\$ 46,300
2	\$ 52,950
3	\$ 59,550
4	\$ 66,150

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 Step 5 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 sign a Purchase and Sale Agreement on the 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 Unit Selection 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 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 or **soft-second programs** that may be of great assistance such as the Massachusetts Housing Partnership's Soft Second 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. **Again, we strongly encourage you to find a soft-second mortgage as it will likely give you the best product at the best rate.**

- Jennifer Grivers from Sovereign Bank (508.431.0210)
- Sandra Gouveia from Citizens Bank (508.491.6488)

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

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 association fees are **\$175/mo**. The 2009 **tax rate** for Milford is **\$14.08** 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.

So for the purposes of this lottery, household will be designated as one of two types:

TYPE A (*“appropriate” for 2BR units*)

- All 4 person households
- All 3 person households
- 2 person household: 2 heads-of-household under criteria c (described above)
- 2 person household: 1 head-of-household plus one member

TYPE B (*Households that do not require a 2BR unit but may still apply for a 2BR unit*)

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

As TYPE A households are considered “appropriate” for a 2BR unit, they will be given priority for the 2BR units offered in this lottery.

TYPE B households can apply for a 2BR unit but will be given the opportunity to purchase after TYPE A households.

In Step 3: The Lottery, you will find a detailed explanation on how priority is given to certain household sizes and compositions.

Household Size and Composition Frequently Asked Questions

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 two-bedroom unit?

A: Yes. However, *every applying Type A Household will be given the opportunity to buy an affordable two-bedroom unit first.* A Type B Household will *only* be given the opportunity to buy an affordable two-bedroom unit if there are not enough eligible households from Type A.

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 Step 5). You will not be allowed to purchase an affordable home until your separation or divorce is complete because the terms specifying the allocation of assets and custody of children must be finalized so that your income and asset eligibility can be accurately reviewed. If you have only filed for separation when it comes time to purchase an affordable home and you haven't finalized your divorce, you will not be allowed to purchase a home at that time.

Q: Can a five person household apply for a two-bedroom unit?

A: No. According to state sanitary codes, a five or six person household may not occupy a two-bedroom unit and therefore they may not apply for a two-bedroom unit through this affordable housing lottery.

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 of applying for and purchasing an affordable unit. The following pages explain each step in greater detail.

Completed with the Guidance of the Lottery Agent

Step 1:	Program Application	thru May 12 th , 2010
Step 2:	Application Number Assigned	+1 week
Step 3:	The Lottery	May 25 th , 2010
Step 4:	Notification of Lottery Results	+1 week

Completed with the Guidance of the Sales Office

Step 5:	Unit Selection	+2 weeks
Step 6:	Sign Purchase & Sale Agreement	+1 week
Step 7:	Obtain Mortgage Commitment	+2 weeks
Step 8:	Final Review for Program Eligibility	+2 weeks
Step 9:	Closing and Move-in	+2 weeks

Please note that there will be an Informational Session held for all interested applicants on April 14th at 7:00 pm in Room 14 in Milford Town Hall. Attendance at the Info Session is not required for participation in the lottery.

Step 1: Program Application

From March 10th thru May 12th the developer will be advertising and publicizing the availability of this affordable housing opportunity in Milford and distributing applications and this Information Packet to all interested citizens throughout the community and the region.

Once a household reads this Information Packet in its entirety, they will need to fill out a Program Application. The applying household must list all income and asset information for every person that will be residing in the unit. The Program Application must be signed and dated by all heads-of-household.

Additionally, the household must submit with their application all required income and asset documentation for every claim made in the Program Application. The Program Application will guide households through the documentation submission process.

All households must also submit a copy of their mortgage pre-approval.

The Program Application, required documentation and mortgage pre-approval must be received (not postmarked) by the Lottery Agent by May 12th, 2010. All applications should be sent to:

THE AFFORDABLE HOUSING LOTTERY
Re: Beaver Pond Commons
165 Chestnut Hill Ave Unit 2
Brighton, MA 02135

To ensure applications arrive in time, we recommend sending them in at least a week prior to the application deadline. Late applications may be accepted for review at a later date but will not be entered into the lottery. If you want to ensure your application is received, we recommend sending it by certified mail. We are not responsible for lost or late applications.

Once a completed Program Application is received with all required documentation and mortgage pre-approval, eligible households will be assigned an Application Number by the Lottery Agent (*see Step 2*).

Step 2: Application Number Assigned

Once the Lottery Agent has received the Program Application, required documentation and mortgage pre-approval, they 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 completed application was received. This Application Number will be entered into each Lottery for each affordable unit for which the applicant is eligible. (*see Step 3*).

Eligibility for the Lottery does not ensure eligibility for the Program (*see Steps 5 & 8*).

Households that are deemed ineligible by the Lottery Agent will be notified by mail.

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.

If a household submits the requested information after the Lottery, they will still be given an Application Number but their Application Number will be added to the bottom of the Unit Selection Lists for the Lotteries they would have been eligible for had they sent in all documentation on time. For more information on the Unit Selection Lists, see Step 5.

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 (Step 5) if they wish to purchase a unit.

Step 3: The Lottery

The Lottery will be held on May 25th, 2010 at 7:00 pm in Room 14 in 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 2 separate lotteries run on the lottery night.

The 2 Lotteries

Lottery #1: 3 Two-Bedroom Units for Local Preference Households

Drawing 1a: Type A Local Preference Households

Drawing 1b: Type B Local Preference Households

Lottery #2: 2 Two-Bedroom Units for All Households

Drawing 2a: All Type A Households

Drawing 2b: All Type B Households

Local Preference households will have their Application Number entered both lotteries. Non-Local Preference households will only have their Application Number entered into Lottery #2.

Lottery Example 1:

A married couple and their child is a Type A household. They also qualify for Local Preference. They will have their Application Number entered into Lottery Drawing 1a and Lottery Drawing 2a. This household's Application Number will be entered into the first drawing for both Lotteries and they will have an opportunity to be the first Application Number drawn.

The Potential Minority Drawing

If the percentage of minority applicants who qualify for Local Preference is less than 11.5% (the Percent Minority for the Worcester PMSA), there will be a Minority Lottery Drawing before any of the above Lottery Drawings. Minority households who do not qualify for Local Preference will be grouped into a Minority Pool and Application Numbers will be drawn and added to above Lotteries until the percentage of minorities in the Local Preference Pool is equal to at least 11.5%. Please see the Local Preference Information on pg. 23 for more details.

The Lottery Day Procedure

Households do not need to be present for the Lottery drawings. All Households will be notified of the results by the Lottery Agent (*see step 4*).

For each Lottery, all Application Numbers will be entered into each Drawing for which they are eligible. A representative from the Town will pull Application Numbers from a box. They will begin by pulling all Application Numbers entered into Drawing A until all Application Numbers have been pulled. If there is a Drawing B, they will then pull all Application Numbers entered into Drawing B.

The order that an Application Number is pulled in each Lottery will be the position that the household has on a Unit Selection List. The purpose of the Lottery is to establish two **Unit Selection Lists**. It is the final positions on these Unit Selection Lists that determine the order or opportunity that applicants will be given in the process of purchasing an affordable unit.

The first Application Number drawn from Drawing A for each Lottery will have the first position on that Unit Selection List. The second Application Number drawn from Drawing A will have the second position, and so on. If there is a Drawing B, the first Application Number drawn from Drawing B will have a position on the Unit Selection List that is behind the last Application Number drawn from Drawing A.

Lottery Example 2:

A one-person household (Type B) is the 45th household to send in their completed application. They are given Application Number 45. This household does not qualify for Local Preference. They will therefore have their Application Number entered into Lottery Drawing #2b. Their Application Number (#45) will be written on a piece of paper and entered into the appropriate drawing. For Lottery #2, all Application Numbers in Drawing A will be drawn first. Assuming there are 32 households that qualify for Drawing A in Lottery #2, the households in Drawing A will occupy the first 32 positions on Unit Selection List #2. In Drawing B of Lottery #2, this household is the 4th number drawn. They will therefore have position #36 on Unit Selection List #2.

Q: What happens to the Local Preference units if there are not enough Local Preference applicants in each lottery to fill all the units?

A: After all eligible Local Preference households have been given an opportunity to move forward and purchase a unit originally designated for Local Preference households and there are still units available, these units will be added to the total number of units available in Lotteries #2.

For example: If 5 of the 15 units designated for Local Preference is still available after all Local Preference applicants have been processed, then these 5 units will

be added to the pool of two-bedroom units available in Lottery #2 for all applicants. Lottery #2 will therefore have a total of 12 two-bedroom units available to all eligible applicants.

Q: Is it possible that my number could be #1 on more than one Unit Selection List?

A: Yes. Type A households that qualify for Local Preference will be entered in both Lotteries and it is possible (however unlikely) that they will be drawn first in each lottery.

Step 4: Notification of Lottery Results

Each Lottery establishes the final positions for each Unit Selection List. The Unit Selection Lists are what will govern a household's opportunity to purchase an affordable unit.

There will be two Unit Selection Lists. They will be numbered according to their respective Lottery. These are the Lists that will determine the order which applicants are given the opportunity to move forward in the process.

Lottery #1 (Local Preference) → Unit Selection List #1 → 3 Units

Lottery #2 (Open) → Unit Selection List #2 → 2 Units

The Lottery Agent will mail the results to every household that has an Application Number.

Households in the Incomplete Application Pool will not have an Application Number and therefore will not have a position on the Unit Selection List. They will be added to the bottom of the Unit Selection List when they eventually submit all required documentation.

Only the households in the top positions on each Unit Selection Lists are guaranteed the opportunity to purchase a unit. Households with positions lower on the Unit Selection Lists 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 Unit Selection List 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.).

All households will be able to track their progress up the Unit Selection Lists on the SEB lottery page (www.s-e-b.com/lottery). By tracking their own progress and seeing how close they are to the top of the list, households will be able to roughly estimate when and if they will be given the opportunity to select a unit.

For more information on the Unit Selection List and how they relate to unit selection, please continue onto Step 5.

Step 5: Unit Selection

The top households on the **Unit Selection List (USL)** will be notified by the Lottery Agent when they can move forward with the purchase of one of the available affordable units. When a household is notified, they will be considered “on the clock”. A household that is “on the clock” can choose any unit that has not currently been reserved (i.e. under a Purchase and Sale Agreement, *see Step 6*).

When a household is “on the clock”, they will have 7 business days to contact the Sales Office and sign a Purchase and Sale Agreement. If they fail to sign a P&S Agreement, their Application Number will be removed from the top of the Unit Selection List and will be dropped to the bottom. The next applicant on the list will then be notified that they are “on the clock” when the applicant ahead of them either signs a P&S Agreement or 7 business days pass and no Purchase and Sale agreement has been signed.

There will be two units ready after the lottery. The top eligible applicant from the Local List will be able to select from the two available units. Once one of the two units has been reserved by a Local List household, the other available unit will be made to the top eligible household on the Open List.

The third unit built will be offered to the next top applicant on the Local List. The fourth unit built will be offered to the next top applicant on the Open List. The fifth unit built will be offered to the next top applicant on the Local List.

If an applicant is dropped to the bottom of the Unit Selection List, they will not get a chance to choose a unit until all other applicants on the Unit Selection 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.

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 the Unit Selection 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 the USL.

If the above households fail to provide the required documentation before reaching the top of the USL, they will not be put “on the clock” (meaning they will not be able to purchase a unit) and they will be dropped to the bottom of the USL. Based on the lottery results and their positions on the USL, households will be able to estimate when they are about to reach the top of the USL and will therefore know how much time they will have to sell their home or finalize their divorce/separation.

Step 6: Sign Purchase and Sale Agreement

If a household that is “on the clock” for an affordable unit in the inventory, they will have 7 business days to sign a Purchase & Sale Agreement (P&S) and put down the required deposit (1.5% of the sales price). If they do not sign a P&S Agreement, they will be dropped to the bottom of the Unit Selection List. If they decide to sign a P&S Agreement, they will call the Beaver Pond Commons Sales Office and make an appointment.

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

Once a Purchase and Sale Agreement is signed, the household will have approximately 30-45 days to close on units that are ready for occupancy.

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. Households do not need to go back to the same lender that gave them their pre-approval letter but it is recommended. 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.

At least two weeks before the closing date, the household will need to obtain a copy of the mortgage commitment that shows the terms of the mortgage and has the signatures of the bank and/or lender.

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 Citizens Housing and Planning Association (CHAPA) 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.

3 weeks prior to their 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 3 weeks prior to closing, households must submit the following documentation to SEB:

- a copy of the PURCHASE AND SALE AGREEMENT
- a copy of the MORTGAGE COMMITMENT LETTER from the buyer's lender including interest rate, points, length of loan, and annual percentage rate
- Contact information for the loan CLOSING ATTORNEY including name, address, phone and fax numbers.

SEB will forward this documentation to CHAPA who requires the documents no less than 2 weeks before the loan closing date. CHAPA will review the P&S and mortgage. CHAPA will then mail and fax the Resale Price Certificate and Deed Rider to the buyer's closing attorney a day or two before 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 CHAPA along with all of the above documentation. CHAPA 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, CHAPA 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 steps 6 through 9.

If a household does not close on their unit within 90 days of the lottery, another review of income and asset documentation may be required to ensure continued eligibility prior to closing.

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 CHAPA 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, at a minimum the purchaser must agree as follows:

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 the Town if you are going to refinance your mortgage.

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 RESELL 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 **\$101,800 (A)** and the initial sales price is **\$ 154,200 (B)** the Resale Price Multiplier would equal **B/A = (C) = 1.5147**.

Upon resale, assuming the base number has increased to **\$ 103,800 (D)** and the cost of approved capital improvements (ex. new roof, \$5,000), the maximum resale price would be calculated as follows:

New Base number (D) x Resale Price Multiplier (C) = **\$103,800 x 1.5147= \$157,225 (E)**

plus
Approved Capital Improvements (new roof) = **\$ 5,000**

THE MAXIMUM RESALE PRICE IS (E) *plus* Capital Improvements = **\$162,225**

This is just an example.

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/CHAPA 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.

LOCAL PREFERENCE INFORMATION

Q: What is Local Preference?

A: The Town of Milford has established a local preference requirement for 70% of the affordable units. 15 of the 22 units will be first offered to households that qualify for **Local Preference**. An applicant qualifies for local preference if the applicant or a member of their household fit into one of the following categories:

- Persons who currently reside in the Town of Milford;
- Persons who are currently employed within the Town of Milford

Q: Do households which meet all Local Preference criteria get priority over households which meet only one?

A: NO. As long as a household meets any one of the Local Preference criteria, they will qualify for Local Preference. A household that meets all Local Preference criteria will have the exact same chance of being drawn first as a similar household type that meets only one of the Local Preference criteria.

Q: What if a household does not qualify for Local Preference?

A: There are 7 units in this development that all appropriately sized households (Local Preference and Non-Local Preference) will be given an equal opportunity to purchase.

Q: Does Local Preference take priority over household size/composition?

A: Yes. For example, in Lottery #1 for Local Preference applicants, if there are no eligible Local Preference households from Type A, the units will be made available to a Local Preference household from Type B before being made available to **ANY** non-Local Preference Households.

Adjustments in the Local Preference Pool

As stated by the Massachusetts Department of Housing and Community Development, "If the percentage of minorities in the local preference pool is less than the percentage of minorities in the surrounding HUD (U.S. Department of Housing and Urban Development) defined area, the following adjustments will be made to the local preference pool. The Developer will hold a preliminary lottery comprised of all minority applicants who did not qualify for the local preference pool and rank the applicants in order of the drawing. Minority applicants should then be added to the local preference pool in order of their rankings until the percentage of minority applicants in the local preference pool is equal to the percentage of minorities in the surrounding HUD-defined area." The Percent Minority for the PMSA of Worcester is 11.5%. This is the minimum percentage of minority applicants that must be in the local preference pool. Minority applicants are defined as a person who is a member of the following groups: Native American or Alaskan Native, Asian or Pacific Islander, Black, African-American, Latino, Hispanic, Cape Verdean and Other (non-white).