

# *Information Packet*

## Sawyer Hill EcoVillage Affordable Cohousing

Mosaic Commons and Camelot Cohousing Neighborhoods  
Berlin, MA

Facilitated on behalf of Sawyer Hill LLC

**Units are now being sold on a first-come, first served basis to eligible buyers.**

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for the 17 affordable condos being offered in Sawyer Hill EcoVillage in the Town of Berlin.

Sawyer Hill LLC and the Town of Berlin invite you to read this information and submit an application if you think that you meet the eligibility requirements.

**APPLICATIONS ACCEPTED ON A FIRST-COME, FIRST-SERVED BASIS**

Phone: (617) 782 6900 (voicemail)

*Information Packet created by SEB*

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# GENERAL OVERVIEW AND SALES PRICES

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Sawyer Hill LLC and the Town of Berlin are working together to provide this affordable housing opportunity in Berlin. Sawyer Hill EcoVillage will be a cohousing development of 68 total units. Tours of the development are given every Sunday at 11 AM or 12:30. For specific times of tours and more detailed information on Sawyer Hill EcoVillage can also be found at [www.sawyerhill.org](http://www.sawyerhill.org)

17 of the 68 units will be sold at affordable prices to households with incomes at or below 80% of the area median income. The affordable sale prices by unit are as follows.

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# of Units	Sales Price	Condo Fees	Bedrooms	Baths	Sq Ft.	Parking Spaces
4	\$138,000	\$80/mo	1	1	700-710 sq. ft.	1
7	\$154,470	\$90/mo	2	1 to 1.5	900-955 sq. ft.	1-2
6	\$173,000	\$100/mo	3	1.5	1,200 sq. ft.	1

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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 attached to the back of this packet.

Sawyer Hill EcoVillage in Berlin 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.

# EXPLANATION OF COHOUSING

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Cohousing is a type of collaborative housing in which residents actively participate in the design and operation of their own neighborhoods.

The Cohousing Association of the United States says “Cohousing residents are consciously committed to living as a community. The physical design encourages both social interaction and individual space. Private homes contain all the features of conventional homes, but residents also have access to common facilities such as open space, courtyards, a playground and a common house.”

Sawyer Hill EcoVillage is comprised of two neighborhoods: **Camelot Cohousing** and **Mosaic Commons**.

Camelot Cohousing will be located in the northern portion of the development, and Mosaic Commons will be located in the southern portion of the development. Affordable units are available in both communities.

For further details on the communities, see the following pages, or see their websites at [www.camelotcohousing.com](http://www.camelotcohousing.com) and [www.mosaic-commons.org](http://www.mosaic-commons.org).

All owners will be members of a condominium association and may also *choose* to be members of the cohousing association in their neighborhood. Cohousing membership is *optional*, and an additional fee will be assessed for cohousing membership which is not included in the calculations of the affordable price and condominium fee of the units.

## **Camelot Cohousing:**

To steal a phrase from one of our members, Camelot Cohousing are “Geeks with Hobbies”. Professionally, many of us are techies, engineers, computer people or biologists but outside of work we have an extensive list of hobbies. We are historical re-enactors, theater people, gamers, rock climbers, cooks, dancers and seamstresses. We are readers, thinkers, philosophers both religious and secular. We are creating a cohousing community dedicated to supporting the activities of our members. To this end, we’re designing a community center with space for practically any activity we can think of – with “hard” (metal and wood) and “soft” (fabric and crafts) workshops, space for physical activity ranging from fencing, treadmills and weight machines, to yoga and dance. We’re designing a community that is willing, able and proud to support whatever religion, intellectual pursuit, political opinion, lifestyle or philosophy our members may have.

We intend to build a supportive environment that offers the natural camaraderie and security of a small village. Since parents will know their neighbors, there is opportunity for children to have many people looking out for them and for parents to have help with their busy lives. The older members will have daily contact with the young and active. Singles won’t live in isolation. Everyone will have easy, casual daily contact with friends over coffee before work, a beer after dinner, or whatever project or hobby they’re currently working on... no driving required!

### **Mission Statement**

We realize that a home is more than a house – it is also part of a neighborhood and a community. The character of our homes is created by location, community and function. Camelot’s mission is to improve all three of these by building a neighborhood of homes for ourselves, nurturing friendships and taking advantage of shared resources.

We see beauty in the natural land and value in function. We hope to preserve the beauty of the land and support many activities. These goals are tempered by practicality – the ideal is often too expensive and we would rather compromise than hold out for perfection and get nothing. Wherever we can find economy in preserving the natural land or providing functional space, we will pursue it.

We will design our community to encourage interaction by ensuring that the paths between houses are created for people, rather than cars.

## **Mosaic Commons: Our Vision**

Mosaic Commons is a group of people working to build community; like a mosaic, we hope to create a group whose whole is greater than the sum of its parts. To do this, we support each other, respecting each person's differences, as well as our shared values. Each member has a responsibility to participate, and each person's voice will be heard. Our goals are friendship — both within and outside of the community — sharing — of energy, resources, ideas and lives — and learning together. Our aim is to develop a safe, dynamic and nurturing place for all of us, children and adults, to grow, both individually and as a group.

Our Vision is:

To create and live in a residential community of 34 households in Berlin Massachusetts on the cohousing style of living including:

- a balance of shared, common space and private homes,
- a common house integral to community activities,
- housing design and development that supports community living,
- child-friendly environment with centralized play areas (inside and outside),
- minimal impact of automobiles in and around our living and recreational areas,
- consensus decision-making,
- environmental consciousness,
- social responsibility, and
- financial responsibility.

To create housing that is affordable to individuals and families with a range of incomes.

To create a community that welcomes, respects, and supports diversity of age, race, religion, sexual orientation, ability and disability, political persuasion, educational philosophy, family structure and financial status.

Our intention is to support each other and embrace the need for extended family creating a healthy interdependence.

# GENERAL ELIGIBILITY REQUIREMENTS

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**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. 9-11).
- 3.) The household must be pre-approved for a mortgage (see pg. 12)
- 4.) The households must be of appropriate size (see pg. 13).

**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 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 only with a spouse or resided in a home owned by the spouse, who is unmarried to or legally separated from the spouse, and who does not **currently** own the home previously owned with a 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. a household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
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. an age-qualified household (in which at least one member is age 55 or Over) which is selling a home in order to purchase a LIP unit.

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

A: No.

**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 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 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: Yes. 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 you will not be allowed to purchase a home at this time.

# MAXIMUM INCOME AND ASSET LIMITS

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**Q: How is a household's income determined?**

**A:** The Lottery Agent will **project a household's income over the next 12 months** based on their current income and assets. In an effort to provide as accurate an income estimation as possible, the Lottery Agent will also review historical income data to provide a basis for future income estimates.

ALL SOURCES OF INCOME ARE COUNTED. Any monies you anticipate receiving in the next 12 months will be counted as income and monies received over the previous 6 months will be analyzed to help estimate future 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.

If a household applied for an affordable unit on July 15<sup>th</sup>, 2011, the total anticipated amount of money received by all members of the household from July 15<sup>th</sup> 2011 thru July 15<sup>th</sup>, 2012 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, all claims must be supported with documentation. 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.

There may be some exceptions taken on a case-by-case basis.

Households must submit their 3 most recent tax returns for proof that they have not owned a house within the past three years.

## Maximum 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 (Eastern Worcester MSA). The maximum incomes allowed for this program are:

<u>HOUSEHOLD SIZE</u>	<u>INCOME LIMIT</u>
1	\$44,950
2	\$51,400
3	\$57,800
4	\$64,200
5	\$69,350
6	\$74,500

## Approximate Minimum Income

While there is no specific minimum income, all households must qualify for a mortgage loan to purchase a affordable unit. The minimum income limits to qualify for a mortgage will be determined by a lender/bank. **The following incomes are therefore approximations of the minimum income a household must have to carry a mortgage.** For simplicity's sake, calculations were performed using a rate of 6.88% for 30 years, although rates will invariably change due to various factors. According to program standards, a household must have a down-payment of at least 3%, half of which must come from their own funds.

### *Approximate Minimum Income Requirements*

Down-Payment Amount	Approx. Income Needed to buy a 1BR	Approx. Income Needed to buy a 2BR	Approx. Income Needed to buy a 3BR
1.5%	\$47,616	\$53,558	\$59,492
5%	\$46,324	\$52,105	\$57,877
\$50,000	\$34,646	\$40,657	\$46,661

*For more information on mortgages, see pg. 12.*

## 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. 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.

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### ***Age Qualified Households, Displaced Homemaker and Single Parent Exception:***

Only households qualifying under the exceptions listed on page 7 may own a home when applying and the home **must** be under a P&S Agreement. This home must be sold before they purchase an affordable unit. The amount that the household will retain in equity from the sale of the house will be added to their asset total. Their asset total must still be below \$75,000.

**Q: If I qualify as a displaced homemaker or age-qualified household, how much time will I be given to sell the home?**

A: You must be off the deed of your current home before buying an affordable home through this program. Therefore, households that qualify for an exception cannot sign Purchase and Sale Agreements for an affordable home unless their current home is under P&S Agreement or their divorce or separation is finalized. If an exempt homeowner proves that their current home is under P&S they will be given *conditional* approval to move forward. They will then need to provide the documentation from the sale of the home to the Lottery Agent who will then do a *final* verification of household asset eligibility. More detailed instructions for displaced homemakers will be given after the Lottery.

Households that are waiting to find a buyer for their home or for the finalization of their divorce/separation will not be granted approval to move forward until they can provide the appropriate documentation (see the step-by-step process).

# 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 of their choosing 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](http://www.masshousing.com)

We strongly encourage households to apply through local 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.** 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. The following lenders are familiar with the process and the mortgage requirements and should be happy to help you with questions or pre-approvals:

- Jeff Perkins and Katie Flaherty from Clinton Savings Bank in Berlin (978.365.3700)
- Lynda D'Orlando from Citizens Bank (978-568-2480)
- Donna Koulas from Bank of America (978.250.9034)
- Matt Happy from Sovereign Bank (508.421.9750)
- Carrie Carrizosa from Boston Private Bank & Trust Company (617.912.4213)
- Ron Wiltshire from Wainwright Bank (617.319.2599)
- Mark Richard from Wells Fargo (978-318-9501 ext.1002)

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](http://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 **\$80/mo (1BR), \$90/mo (2BR) and \$100 /mo (3BR)**. The 2008 **tax rate** for Berlin is **\$11.20** 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

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As units are now being sold on a first-come, first-served basis, the following households can apply *immediately* for the following unit sizes:

One and two person households can apply for the 1BR units.

One, two, three and four person households can apply for the 2BR units.

One thru six person households can apply for the 3BR units.

**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: If I am currently going through a divorce/separation or planning on being divorced / separated soon, can I still apply?**

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

# STEP-BY-STEP PROCESS AND TIMELINE

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**Q: What is the application, selection, and move-in process for the affordable units being offered in Sawyer Hill?**

**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*

<b>Step 1:</b>	<b>Program Application</b>	now
<b>Step 2:</b>	<b>Application Number Assigned</b>	+1 week

*Completed with the Guidance of the Sales Office*

<b>Step 3:</b>	<b>Unit Selection</b>	+1 weeks
<b>Step 4:</b>	<b>Sign Purchase &amp; Sale Agreement</b>	+2 weeks
<b>Step 5:</b>	<b>Obtain Mortgage Commitment</b>	+2 weeks
<b>Step 6:</b>	<b>Final Review for Program Eligibility</b>	+2 weeks
<b>Step 7:</b>	<b>Closing and Move-in</b>	+2 weeks

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## Step 1: Program Application

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Once a household reads this Information Packet in its entirety, they will need to fill out a Program Application. The applying household must include all income 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. All households must also submit a copy of their mortgage pre-approval.** The Program Application will guide households through the documentation submission process.

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*).

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## Step 2: Application Number Assigned

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Once the Lottery Agent (SEB) 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. The Lottery Agent (SEB) will mail, email and/or call the applicant to notify them of their status. Households that are deemed ineligible by the Lottery Agent will be similarly notified.

If there are available units, the applicant will be allowed to move immediately forward in signing a P&S Agreement for any of the available affordable units. If all units are under P&S Agreements, households will be placed on waiting lists in the order that their completed applications were received.

**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 allowed to move forward in the purchasing of an affordable home and will not be placed on any waiting lists.

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## Step 3: Unit Selection

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Once a household has an Application Number, they may purchase any of the available affordable homes for which they are eligible.

**Please note, as units are being sold on a first-come, first served basis, there may be multiple eligible households looking at the same units at the same time. It is therefore important for eligible households to sign P&S Agreements for the unit they want as soon as they get an Application Number.**

*Once all homes are under P&S Agreements,* any and all eligible households will still be placed on waiting lists. Households on waiting lists will have to wait to see if any of the households who have signed P&S agreements fail to close on their unit. If a household fails to close on a unit after signing a P&S agreement, the eligible household with the top position on the waiting list will then be able to move forward in signing a P&S Agreement for the recently available unit.

If a household is taken off the waiting list to sign a P&S Agreement, they will have 7 business days to contact the Sawyer Hill EcoVillage Sales Office and sign a Purchase and Sale Agreement. If they fail to sign a Purchase and Sale Agreement, their Application Number will be removed from the waiting list.

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## Step 4: Sign Purchase and Sale Agreement

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As soon as a household is found eligible by the Lottery Agent (SEB) they may sign a P&S Agreement for any available unit for which they are eligible.

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 Sawyer Hill EcoVillage Sales Office.

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

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## Step 5: Obtain Mortgage Commitment

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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.

Please note that each lender will handle the Mortgage Commitment differently and this packet only serves as a guide through this process.

Generally, the lender will want to see the Purchase and Sale Agreement, the Master Deed, the Condominium Documents and the Deed Rider. They will also do an appraisal of the property once the property is ready to move into. Once the appraisal is complete, the household will be able to close on the home.

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.

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## Step 6: Final Review for Program Eligibility

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Before a household can close on their affordable unit, SEB must do a final review of the household's eligibility income and asset eligibility and The Department of Housing and Community Development (DHCD) 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
- a copy of the MASTER DEED showing the Schedule of Beneficial Interests
- Contact information for the loan CLOSING ATTORNEY including name, address, phone and fax numbers.

SEB will forward this documentation to DHCD who requires the documents no less than 2 weeks before the loan closing date. DHCD will review the P&S, Master Deed and mortgage. DHCD 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 DHCD along with all of the above documentation. DHCD 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, DHCD will issue a Resale Price Certificate.

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## **Step 7: Closing and Move-in**

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The Purchase and Sale Agreement will set the Closing Date.

If all the steps above are followed, the closing should go smoothly.

DHCD will provide the actual Deed Rider and the Resale Price Certificate for the closing. You will need to make sure that these documents are signed and recorded along with all other typical closing documentation. Your lender and lawyer will be able to guide you with steps 5 through 7.

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

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

# DEED RIDER SUMMARY/ PROPERTY RESTRICTIONS

**This is not the Deed Rider. The actual Deed Rider will be prepared by the Department of Housing and Community Development 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 DHCD 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 DHCD. 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 DHCD 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 DHCD.

**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 \$ 70,400 (A) and the initial sales price is \$ 154,200 (B) the Resale Price Multiplier would equal  $B/A = (C) = 2.1903$ .

Upon resale, assuming the base number has increased to \$ 72,400 (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) =  $\$72,400 \times 2.1903 = \$158,580$  (E)

*plus*

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

THE MAXIMUM RESALE PRICE IS (E) *plus* Capital Improvements = **\$163,581**

**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 Berlin and DHCD 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/DHCD can also decide within those 90 days to purchase the home.

If the Town/DHCD 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/DHCD purchases your home, a Municipal Purchaser Certificate is issued.

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

If 120 days pass from the date of the Conveyance Notice, and the Town/DHCD cannot find an eligible buyer and the Town/DHCD 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.

## **IN CASES OF FORECLOSURE**

If you do not pay your mortgage on time, or if you fall behind on payments, your bank or mortgage company has the right to take your home by foreclosing on the mortgage.

In case of foreclosure, the bank or mortgage company that holds your mortgage should notify the Monitoring Agent and the town 60 days before foreclosure proceedings begin or before the bank accepts the home in lieu of foreclosure.

During that 60 day period, if it is determined that the remaining principal balance of the mortgage does not exceed the calculated maximum resale price, then the Deed Rider restrictions do not apply to any buyer that purchases the foreclosed home. Also during that 60-day period, the Town can decide to purchase the home for the greater of the remaining principal mortgage balance, or the calculated maximum resale price.

If the home is foreclosed upon and sold for a price higher than either the remaining principal balance or the maximum resale price (whichever is higher), then the excess should be paid to the Town for its Affordable Housing Trust.

**Again, this is just an *example summary* of a Deed Rider. A copy of a blank Deed Rider can be found on [www.s-e-b.com/lottery](http://www.s-e-b.com/lottery) or by calling (617) 782.6900 and leaving a message.**

**The actual Deed Rider for the closing will be provided by DHCD (see Step 7).**

**You will want to retain a legal or other counsel to understand your obligations if you are asked to move forward in the process of purchasing an affordable unit.**