

Information Packet

Schooner Village Affordable Housing

Facilitated on behalf of Schooner Village Realty Trust

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for one of the remaining affordable units being offered in Schooner Village in the Town of Barnstable.

The Schooner Village Realty Trust and the Town of Barnstable invite you to read this information and submit an application if you think that you meet the eligibility requirements.

One affordable home is now being sold on a first-come first served basis!!!

Households will be given the opportunity to purchase one of these units in the order that COMPLETED applications are received.

Please read this Information Packet for more details.

To schedule a tour of the homes call Bayberry Builders: (508) 775-8822

For questions about the application process call: (617) 782-2300 x204

Information Packet created by SEB

Table of Contents

General Overview and Sales Prices.....	pg. 3
General Eligibility Requirements.....	pg. 4
Maximum Income and Asset Limits.....	pg. 6
Mortgage Pre-Approval Standards.....	pg. 9
Step-By-Step Process and Timeline.....	pg. 10
<i>Step 1: Home Tours Program Application.....</i>	<i>pg. 11</i>
<i>Step 2: Application Review.....</i>	<i>pg. 12</i>
<i>Step 3: Unit Selection.....</i>	<i>pg. 13</i>
<i>Step 4: Sign Purchase & Sale Agreement.....</i>	<i>pg. 14</i>
<i>Step 5: Obtain Mortgage Commitment.....</i>	<i>pg. 14</i>
<i>Step 6: Final Review for Program Eligibility.....</i>	<i>pg. 15</i>
<i>Step 7: Closing and Move-In.....</i>	<i>pg. 15</i>
Deed Rider Summary/Property Restrictions.....	pg. 16

GENERAL OVERVIEW AND SALES PRICES

Schooner Village Realty Trust and the Town of Barnstable are working together to provide this affordable housing opportunity in Barnstable.

Schooner Village is a twenty-nine unit development off of Pitcher’s Way in Barnstable. A total of six of these twenty-nine units will be sold at affordable prices to households with incomes at or below 80% of the area median income. Three of these affordable units were sold through a lottery. One more is now being sold on a first-come, first-served basis:

Unit	Unit Specifications	Sales Prices	Estimated Delivery Date
15 Schooner Lane	2-story, 1,665 sq. ft., 3 BRs, 1.5 bath, single-family dwelling (<i>Nantucket 1</i>)	\$176,650	Immediately

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.

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 three 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 that meets Local Initiative Program mortgage standards (see pg. 9)

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 a LIP 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 I qualify as a displaced homeowner or someone in my household is age 55 or over, can I currently own a home?

A: Yes but the home must be under Purchase and Sale Agreement (or your divorce must be finalized) before you will be given the opportunity to purchase an affordable home at Schooner Village. For more information on how much time you will be given to sell your home and how much equity you are allowed to have in your current home, please read the following pages.

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

A: No. Homes are now being sold on a first-come, first-served basis to all households. Households will be given the opportunity to purchase a home in the order that they submit their completed application (including mortgage pre-approval). Where the household currently lives has no bearing on the order of opportunity.

Q: Are there certain household size restrictions?

A: Households must have between one and six people. As homes are now being sold on a first-come, first-served basis, there is no current preference given to larger households.

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

A: Yes, but you will need to provide proof that the separation or divorce process has begun or has already been finalized. If you have only begun considering a divorce or separation, and no legal action has been taken, you cannot apply as a single head-of-household. Your application will be reviewed as if your current spouse will be moving into the affordable unit with you. If you are trying to apply as a displaced homeowner, your home must be under a purchase and Sale Agreement or your divorce must be finalized before you are given the opportunity to buy an affordable home at Schooner Village.

MAXIMUM INCOME AND ASSET LIMITS

Q: How is a household's income determined?

A: The Lottery Agent will project a household's income based on their current income and assets. In an effort to provide as accurate 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 interest and dividends on bank accounts and other assets.

If a household applies on April 1st, 2009, the total amount of anticipated money to be received by all members of the household from April 1st, 2009 thru April 1st, 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.

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

If a household claims that certain income will stop in the near future, all claims must be supported with documentation.

It is not up to the household to determine what monies received over the past year should and should not be counted as their calculated income. Therefore, all monies should be listed on the application and the inclusion of these monies in determining a household's eligibility will be based on affordable housing guidelines.

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 (Barnstable- MSA). The maximum incomes allowed for this program are:

<u>HOUSEHOLD SIZE</u>	<u>INCOME LIMIT</u>
1	\$ 43,450
2	\$ 49,700
3	\$ 55,900
4	\$ 62,100
5	\$ 67,050
6	\$ 72,050

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.

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. The maximum downpayment cannot be more than \$75,000 as applicants cannot have more than \$75,000 in assets (see below).

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: 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.

Displaced Homeowner and Age-Qualified Exception:

Only households qualifying under the "displaced homemaker", "single-parent" or "age-qualified" exceptions (*see pg. 4*) may own a home when applying and this home must be sold before they purchase an affordable unit. The amount of equity that they will retain in equity from the sale of the house will be added to their asset total. Their asset total must 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 at Schooner Village. Therefore, households cannot sign Purchase and Sale Agreements for an affordable home at Schooner Village unless their current home is under P&S Agreement or their divorce or separation is finalized. Households that are waiting for the sale of their home or the finalization of their divorce/separation will therefore 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

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 (**ask about soft-second**):

- Donna Koulas from Bank of America (978.250.9034)
- Lynda D'Orlando from Citizens Bank (978.568.2480)
- Matt Happy from Sovereign Bank (508.421.9750)
- 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. *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.

The lender will ask you for association fees and taxes. The association fees are **\$21 per month**. The **tax rate** for Barnstable is approximately **\$6.90** 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.

STEP-BY-STEP PROCESS AND TIMELINE

Q: What is the application, selection, and move-in process for the affordable units being offered in Schooner Village?

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.

Step 1:	Home Tours and Program Application	
Step 2:	Application Review	+1 week
Step 3:	Unit Selection	+1 week
Step 4:	Sign Purchase & Sale Agreement	+1 weeks
Step 5:	Obtain Mortgage Commitment	+2 weeks
Step 6:	Final Review for Program Eligibility	+1 week
Step 7:	Closing and Move-in	+2 weeks

The total time from completing the Program Application to Move-in is approx 45-60 days

Step 1: Home Tours and Program Application

Once a household reads this Information Packet in its entirety they should complete the Program Application and simultaneously contact Bayberry Builders and schedule a tour of the affordable homes. The phone number to schedule a tour is **(508) 775-8822**.

In order to complete the 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. The Program Application will guide households through the documentation submission process.

All households must also submit a copy of their mortgage pre-approval with the terms of the mortgage stated.

The Program Application, required documentation and mortgage pre-approval must be sent to:

SEB
Re: Schooner Village
165 Chestnut Hill Ave Unit 2
Brighton, MA 02135

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

Step 2: Application Review

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 an affordable unit based on their completed application and documentation, they will be added to the Unit Selection List in the order their application was completed.

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 and the application is 100% complete.

Households with applications in the Incomplete Application Pool will not be added to any Unit Selection List until all documentation has been received.

Q: What happens if I am trying to qualify as a displaced homeowner or age-restricted household and the house with my name on the deed is not yet sold or my divorce/separation is not finalized?

A: Your application will remain in the Incomplete Pool until you can provide the final paperwork. You must be off the deed of your current home before buying an affordable home at Schooner Village. Therefore, households cannot sign Purchase and Sale Agreements for an affordable home at Schooner Village unless their current home is under P&S Agreement or their divorce or separation is finalized. Households that are waiting for the sale of their home or the finalization of their divorce/separation will therefore be passed over by eligible applicants on the Unit Selection List (see the step-by-step process).

Step 3: Unit Selection

The top households on the Unit Selection List (i.e. the first eligible household who completes their application) will be notified when they can move forward with the purchase of the available affordable unit. When a household is notified, they will be considered “on the clock”.

There will be only one household “on the clock” at any given time.

A household that is “on the clock” can move forward in purchasing the available affordable unit.

When a household is “on the clock”, they will have 7 business days to contact the Schooner Village Realty Trust 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 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 fails to enter into a P&S Agreement in 7 business days.

Step 4: 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). If they do not sign a P&S Agreement, they will be dropped to the bottom of all Lottery Results List. If they decide to sign a P&S Agreement, they will call the Schooner Village Realty Trust 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. If there are condo fees, it is also important to check that they 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 Schooner Village Sales Office.

Once a Purchase and Sale Agreement is signed, the household will have approximately 45 days to close on the property.

Step 5: 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.

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

Generally, the lender will want to see the Purchase and Sale Agreement, the Master Deed, the Condominium Documents and the Deed Rider.

They will also do an appraisal of the property once the property is ready to move into. Once the appraisal is complete, the household will be able to close on the home.

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 6: Final Review for Program Eligibility

Before a household can close on their affordable unit, The Department of Housing and Community Development (DHCD) must do a final review of the household's eligibility in order to prepare the Resale Price Certificate and Deed Rider that must be recorded at the closing.

In order to prepare the Certificate, DHCD requires the following documents no less than 2 weeks before the loan closing date:

- 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.

DHCD will mail and fax the Resale Price Certificate the buyer's closing attorney. In addition, DHCD shall provide the deed rider for use at the closing.

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Step 7: 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 5 through 7.

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

DEED RIDER SUMMARY/ PROPERTY RESTRICTIONS

This is not the Deed Rider. A copy of the actual Deed Rider should be available at the Schooner Village Realty Trust sales office for review.

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 and DHCD 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 RESALE PRICE

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

Again, this is just an *example summary* of a Deed Rider. A copy of a blank Deed Rider can be found by calling (617) 782-2300 x204 and leaving a message.

The actual Deed Rider for the closing will be provided by DHCD (see Step 8). 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.