

# *Information Packet*

## Barrows Brook Village

Kingston, MA

### An Affordable Housing Opportunity

Facilitated on behalf of Delwin LLC

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for the next affordable single-family homes being offered at Barrows Brook Village in the Town of Kingston.

The next affordable home is scheduled for completion in September 2012.

Delwin LLC and the Town of Kingston invite you to read this information and submit an application if you think that you meet the eligibility requirements. This is the first step in the application process and does not assure you a unit.

**APPLICATIONS ARE NOW BEING 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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Barrows Brook Village is a new development in Kingston, where you get all the privacy of a single family home with all the conveniences of a condominium. The Village will consist of 56 single family homes set in the most private and distinctive piece of property on the South Shore. The site is approximately 76 acres of wooded native white pines bounded by the Jones River with existing nature trails that run through out the site.

There will be a total of 14 affordable homes sold at affordable prices to households with incomes at or below 80% of the area median income.

Please visit [www.BarrowsBrookVillage.com](http://www.BarrowsBrookVillage.com) for all unit and development related questions. The website also has a Frequently Asked Questions (FAQ) section that will be very helpful.

Affordable Sales Price	Homeowners Association Fees	Bedrooms	Bathrooms	Sq Ft.	Parking Spaces
\$207,700*	\$43	3	1.5	At least 1,600 sq. ft.	1

**The estimated Total Monthly Housing Cost for the single family homes is \$1,450**

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 (which are based on the affordable sales price), insurance and the Homeowners Association fees.

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. 15.

Barrows Brook Village in Kingston 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

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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 be meet each of the 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)

**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 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 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 opportunity 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 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: Yes, your divorce or separation needs to be finalized *before you sign a Purchase and Sale Agreement* (see Step 2). 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.

# 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.

*For example,* if a household applied for this lottery on June 15<sup>th</sup>, 2012, the total anticipated amount of money received by all members of the household from June 15<sup>th</sup> 2012 thru June 15<sup>th</sup>, 2013 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.

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

<u>Household Size</u>	<u>Income Limit</u>
1	\$45,500
2	\$52,000
3	\$58,500
4	\$65,000
5	\$70,200
6	\$75,400

## 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.

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***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 are allowed to sign a Purchase and Sale Agreement for an affordable unit (see Step 2 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 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. Therefore, you will know the closing date on the sale of your current home prior to signing a P&S for an affordable home at Barrows Brook Village in Kingston. Most likely, you will want to coordinate both closings so they happen on the same day, or very close to another, but at the very least, the closing on your current home must be before the closing on your new affordable home at Barrows Brook Village.

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# MORTGAGE PRE-APPROVAL STANDARDS

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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](http://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.**

- John Doyle at Sovereign Bank (508.370.0687, [jdoyle@sovereignbank.com](mailto:jdoyle@sovereignbank.com))
- Robert Orlando, South Coastal Bank (781.789.2866, [robert.orlando@southcoastalbank.com](mailto:robert.orlando@southcoastalbank.com))
- Any lenders found here: [www.mhp.net/homeownership/banks.php](http://www.mhp.net/homeownership/banks.php)

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 **\$43/mo**. The 2011 **tax rate** for Kingston is **\$13.54** 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

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**Q: What is the application, selection, and move-in process for the affordable units being offered in Barrows Brook 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.

<b>Step 1:</b>	<b>Program Application and Eligibility Review</b>	+2 weeks
<b>Step 2:</b>	<b>Sign Purchase and Sale Agreement (P&amp;S)</b>	+1 week
<b>Step 3:</b>	<b>Obtain Mortgage Commitment</b>	2 months before closing
<b>Step 4:</b>	<b>Final Review for Program Eligibility</b>	+2 weeks
<b>Step 5:</b>	<b>Closing and Move-in</b>	date will be set in P&S

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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 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 must be sent to:

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

As homes will be sold on a first-come, first-served basis, we recommend getting your application in as quickly as possible. 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, SEB will make a preliminary determination of household eligibility. If any documentation is missing, applicants will be notified by SEB of the additional documentation that must be submitted. **As long as a household's application is incomplete, a preliminary determination of eligibility cannot be made and other households applying for the same unit may submit applications.**

When SEB determines that an application is complete and eligible, they will send the application to the Monitoring Agent (HAC on the Cape) for their determination of applicant eligibility. It is ultimately the Monitoring Agent who will determine if a household is eligible and can move forward to the next step of signing a Purchase and Sale Agreement.

The first household who is certified by the Monitoring Agent will be allowed to sign a P&S for the next affordable home being built.

Households who complete their applications at later dates will be added to a Waiting List and kept in cue until the next round of affordable homes are built.

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## Step 2: Sign Purchase and Sale Agreement

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The first eligible households will be notified by SEB (the Lottery Agent) when they can move forward with the purchase of the next affordable home. When a household is notified, they will be considered “on the clock”. When a household is “on the clock”, they will have 7 business days to contact the Barrows Brook Village Sales Office and sign a Purchase and Sale Agreement and put down the required deposit (1.5% of the sales price).

If they fail to sign a Purchase and Sale Agreement, their Application Number and Name will be removed from the Waiting List that will be comprised of other households who have submitted complete and eligible applications after the top household. The next applicant on the list will then be notified that they are “on the clock” when the applicant ahead of them either fails to sign a Purchase and Sale Agreement in 7 business days.

Before signing the Purchase and Sale Agreement, it is recommended that the household obtain an attorney to review Purchase and Sale Agreement, the Deed Rider and the Declaration of Covenants. The household may also have the bank that is offering their mortgage commitment review these documents. It is important that the lawyer (or bank) ensure that the taxes being assessed to the workforce unit are based on the workforce sales price and not the market-rate price of an equivalent unit. All these documents can be provided by the Barrows Brook Village Sales Office.

**The Purchase and Sale Agreement will have the approximate closing date on it. This is the date that the homes should be ready for occupancy.**

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### *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 are allowed to sign a Purchase and Sale Agreement for an affordable unit (see Step 2 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 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. Therefore, you will know the closing date on the sale of your current home prior to signing a P&S for an affordable home at Barrows Brook Village in Kingston. Most likely, you will want to coordinate both closings so they happen on the same day, or very close to another, but at the very least, the closing on your current home must be before the closing on your new affordable home at Barrows Brook Village.

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## **Step 3: 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. This process will begin immediately after signing the P&S. 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 Declaration of Covenants 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.

Approximately two months 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. The mortgage commitment will likely be conditional on a few items, such as a satisfactory appraisal of the property and the home receiving its certificate of occupancy.

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## Step 4: Final Review for Program Eligibility

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Before a household can close on their affordable unit, SEB and the Monitoring Agent must do a final review of the household's income and asset eligibility and MassHousing 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 **and maintain program eligibility!**

1 month 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 and the Monitoring Agent 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.

MassHousing will then mail and fax the Resale Price Certificate to the 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 SEB along with all of the above documentation.

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## Step 5: 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. Your lender and lawyer will be able to guide you with steps 2 through 5.

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

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

# DEED RIDER SUMMARY/ PROPERTY RESTRICTIONS

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**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 MASSHOUSING 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 MASSHOUSING. 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 MASSHOUSING 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 MASSHOUSING.

**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 x 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 Kingston and MASSHOUSING 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 are median income and who meets the asset limit). The Town/MASSHOUSING can also decide within those 90 days to purchase the home.

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

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

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