

Information Packet

Natick Affordable Housing Program

An Affordable Housing Lottery
Facilitated on behalf of GGP Natick Residence LLC

There are units immediately available for purchase!!!

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for the 48 affordable units being offered in the Town of Natick in association with the GGP Natick Residence LLC Special Permit.

GGP Natick Residence LLC and the Town of Natick invite you to read this information and submit an application if you think that you meet the eligibility requirements.

The deadline for entrance into the lottery has already passed. Eligible Households will now be added to the bottom of the appropriate Unit Selection Lists in the order that their completed applications are received. Please read the Info Packet for more details.

Interested buyers need to be income and asset eligible at the time of application through closing.

COMPLETED APPLICATIONS ADDED TO LISTS IN ORDER THEY ARE RECEIVED

Facilitated on behalf of GGP Natick Residence LLC
Phone: (617) 782-6900 (voicemail)

Information Packet created by SEB LLC

Table of Contents

General Overview and Sales Prices.....	pg. 3
General Eligibility Requirements.....	pg. 5
Maximum Income and Asset Limits.....	pg. 6
Mortgage Pre-Approval Standards.....	pg. 9
Household Size and Composition.....	pg. 10
Step-By-Step Process and Timeline.....	pg. 12
<i>Step 1: Complete Program Application.....</i>	<i>pg. 13</i>
<i>Step 2: Application Number Assigned</i>	<i>pg. 14</i>
<i>Step 3: Unit Selection Lists.....</i>	<i>pg. 15</i>
<i>Step 4: Unit Selection.....</i>	<i>pg. 16</i>
<i>Step 5: Sign Purchase & Sale Agreement.....</i>	<i>pg. 17</i>
<i>Step 6: Obtain Mortgage Commitment.....</i>	<i>pg. 17</i>
<i>Step 7: Final Review for Program Eligibility.....</i>	<i>pg. 18</i>
<i>Step 8: Closing and Move-In.....</i>	<i>pg. 19</i>
Deed Rider Summary/Property Restrictions.....	pg. 20

GENERAL OVERVIEW AND SALES PRICES

GGP Natick Residence LLC and the Town of Natick are working together to provide this affordable housing opportunity in Natick.

There will be 48 units of residential housing made available for purchase at various locations throughout the Town of Natick. The units currently available for purchase can be found on the Natick GGP Inventory on the SEB website:

www.s-e-b.com/lotteries

All forty-eight affordable units will be sold at affordable prices to households with incomes at or below 80% of the area median income. The range of affordable sale prices by bedroom type are as follows.

Total Available Units	# of Bedrooms	Estimated Sales Price Range
Approx. 10	1	\$112,000 to \$125,000
Approx. 15	2	\$125,000 to \$140,000
At Least 2 more	3	\$172,400 to \$187,200

*** Prices will vary according to condo fees.**

The size and features of affordable units will vary. As the units will be scattered throughout the Town, there will be some interior and exterior variation between unit types. However, each unit must comply with minimum unit standards established by the Town. In the case of existing units (not new construction) the interior of the affordable units must be brought up to the minimum standards established by the Town and agreed to by GGP Natick Residence LLC.

GGP Natick Residence LLC 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.

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. For more information on the Deed Rider and resale restrictions please see the Deed Rider Summary attached to the back of this packet.

Q: Why are there ranges of sale prices for unit types? Why aren't sales price set?

A: The sales prices for these affordable units is determined by calculating what a family making 70% of Area Median Income can afford if they spend 30% of their monthly income on their housing costs. This calculation yields a fixed number that includes mortgage payment, property taxes, insurance and condo fees. If condo fees are lower, the mortgage payment can be higher and thus the sales price will be higher. If condo fees are higher, the mortgage payment must be lower and thus the sales price will be lower. *Ultimately, for units with the same amount of bedrooms, the buyer will be paying the same amount per month on their housing costs regardless of the actual sales price.*

Q: How long might I have to wait for an affordable unit and how long do I need to stay eligible?

A: Most units are immediately available for purchase by new households if the units have already been offered to people on the waiting list. Please see “The Inventory” on the SEB website (www.s-e-b.com/lottery) for more information.

At this time, it is not know how long it will be until for 3 bedroom units are added to The Inventory.

As an affordable buyer, you will need to remain income and asset eligible from the time of application to the time of closing.

GENERAL ELIGIBILITY REQUIREMENTS

Q: Who is eligible to apply for the off-site affordable units?

A: In order to qualify for an affordable unit, households must meet each of the four following criteria:

- 1.) Everyone in the household must qualify as a “first time homebuyer”.
- 2.) The entire household’s income and assets must be below the maximum allowable income and asset limits (see pg. 6-8).
- 3.) The household must be pre-approved for a mortgage that meets Local Initiative Program mortgage standards (see pg. 9-10)
- 4.) The households must be of appropriate size and composition (see pg. 11-12).

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

A: No. At the time of the Lottery there was **Local Preference** given for the opportunity to purchase some of the affordable units first. There is no Local Preference anymore.

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 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 interest and dividends on bank accounts and other assets.

If a household applies on May 1st, 2010, the total amount of anticipated money to be received by all members of the household from May 1st 2010 thru May 1st, 2011 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 (Boston- HFMA). The maximum incomes allowed for this program are:

<u>HOUSEHOLD SIZE</u>	<u>INCOME LIMIT</u>
1	\$ 46,300
2	\$ 52,950
3	\$ 59,550
4	\$ 66,150
5	\$ 71,450
6	\$ 76,750

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. According to program standards, a household must have a down-payment of at least 3%, half of which must come from their own funds.

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, Single Parent 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 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

Generally, you will be able to get the best mortgage through a bank that offers **soft second mortgages**. In March, 2009, Bank of America had soft second rates as low as 3.9 percent! Some banks we recommend are:

Citizens Bank (Lynda D'Orlando 978-568-2480; Kate McGahan 617-354-6360)

Bank of America (Maria Mendoza 617-346-0534, Kurt Johnson 617-346-0534)

Marlborough Cooperative, a division of Butler Bank (Lindsey Egan 508-485-3000)

We 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.

Households will need to provide a copy of the Deed Rider to their lender. A copy can be obtained directly off our website: www.s-e-b.com/lottery. *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 and recorded in the public records. 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 condo fees and taxes. The condo fees are **\$90** (estimated) (**1BR**), **\$105** (estimated) (**2BR**) and **\$120** (estimated) (**3BR**). The **tax rate** for Natick is approximately **\$9.58** and taxes should be assessed at the **affordable** price (not the market-rate equivalent).

Q: Can a non-household member co-sign on the mortgage?

A: No. Only members of the applying household can sign on the mortgage. All monies gifted to household members to assist in down-payment or other costs will be counted as household assets.

HOUSEHOLD SIZE AND COMPOSITION

Q: How is appropriate household size determined?

A: According to the Massachusetts Department of Housing and Community Development guidelines:

Within an applicant pool first (priority) shall be given to households requiring the total number of bedrooms in the unit based on the following **criteria**:

- a. There is at least one occupant and no more than two occupants per bedroom.
- b. A married couple, or those in a similar living arrangement, shall be required to share a bedroom. Other household members may share but shall not be required to share a bedroom.
- c. A person described in the first sentence of (b) shall not be required to share a bedroom if a consequence of sharing would be a severe adverse impact on his or her mental or physical health and the lottery agent receives reliable medical documentation as to such impact of sharing.

Household size shall not exceed state sanitary code requirements for occupancy of a unit.

However, as the lottery has now passed, households are being added to the Unit Selection Lists in the order received for the unit sizes in which they are interested.

Q: Does the unborn child of a currently pregnant household member count towards our household size?

A: Yes. A household may count an unborn child as a household member. You will have to submit proof of pregnancy with all the income and asset documentation that needs to be submitted with your application.

Q: Can a one of two person household apply for a two or three-bedroom unit?

A: Yes. However, every new applicant will be placed on the Unit Selection Lists behind every applicant that was in the lottery regardless of household size. *applying household in Group A or B will be given the opportunity to buy an affordable*

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

A: If you don't currently own a home with your partner, then you can apply. 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 currently own a home with a partner, you must first qualify as a displaced homemaker or single parent (see page 5). If you do qualify, you still will not be granted final approval until the home is under a Purchase and Sale Agreement or your name is legally removed from the deed.

Q: Can a three or four person household apply for the one-bedroom unit?

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

STEP-BY-STEP PROCESS AND TIMELINE

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

A: The following steps outline the entire process of applying for and purchasing an affordable unit. The following pages explain each step in greater detail.

Completed with the Guidance of the Lottery Agent

- | | | |
|----------------|-------------------------------------|----------|
| Step 1: | Complete Program Application | |
| Step 2: | Application Number Assigned | + 1 week |
| Step 3: | Unit Selection Lists | + 1 week |

Completed with the Guidance of the Lottery Agent and Applicant's Attorney upon reaching the top of one of the Unit Selection Lists

- | | | |
|----------------|---|----------|
| Step 4: | Unit Selection | + 1 week |
| Step 5: | Sign Purchase & Sale Agreement | +2 weeks |
| Step 6: | Obtain Mortgage Commitment | +2 weeks |
| Step 7: | Final Review for Program Eligibility | +1 week |
| Step 8: | Closing and Move-in | +2 weeks |

Step 1: Complete Program Application

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, asset and, if applicable, local preference 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 should be sent to the Lottery Agent as quickly as possible. All applications should be sent to:

SEB
Re: GGP Natick
165 Chestnut Hill Ave Unit #2
Brighton, MA 02135

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

Step 2: Application Number Assigned

Once the Lottery Agent has received the Program Application, required documentation and mortgage pre-approval, they will determine initial eligibility and compliance.

If the applicant is determined to be eligible for an affordable unit based on their completed application and documentation, they will receive an **Application Number** in the order in which their completed application was received. The only purpose of the Application Number is to keep the names of households anonymous.

Example: Assume there were 50 completed applications received before November 2nd. Your household is the 14th household to submit a completed application after November 2nd. Your household will be given Application Number 64.

This **Application Number** will be added to each Unit Selection List for which the household specifies on their Application.

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

Q: What happens if I don't submit all necessary documentation or fail to correctly complete my Affordable Housing Program Application?

A: Households that submit incomplete documentation will be mailed a notice detailing the additional documentation that is needed to make their application complete. Their application will remain in an "Incomplete Application Pool" until all requested materials have been received.

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

Step 3: Unit Selection Lists

The Unit Selection Lists only pertain to households who do NOT want to buy a unit currently available on a first-come, first-served basis. The Unit Selection Lists are a waiting list for households that want to wait for future units to be added to The Inventory.

Applicants can view how many households are currently on each Unit Selection List (USL) by going to www.s-e-b.com/lottery/forsale

There are 3 Unit Selection Lists, one for each unit size (e.g. 1BR, 2BR or 3BR). The positions on each Unit Selection List were originally assigned through the Lottery on November 13th, 2007.

After the Lottery, The Lottery Agent is continuing to accept new applications from households not entered into the Lottery. These new households will also receive Application Numbers. These Application Numbers will be added to the **bottom** of each Unit Selection List for which they are eligible. **This means that every household in the lottery will have an initial position on the Unit Selection Lists higher than every household that applied after the lottery cut-off date regardless of household size.**

“USL” Example 1: A Group A household (ex: a 5 person household) sends in their completed application after November 2nd, 2009. Their completed application is the 64th received, therefore their Application Number is 64. At the time their completed application was received there were already 15 households on USL #3. Their Application Number will be added to the bottom of the list. They will therefore have position #16 on USL #3. They will need to wait for the 15 households ahead of them to be given the opportunity to either buy or decline a unit before being given their own opportunity.

Step 4: Unit Selection

For Units already being sold on a First-Come, First-Served Basis

All eligible applicants should immediately check the Inventory to see if there are any units being sold on a first-come, first-served basis. These are units that every household on the Unit Selection List has already passed and they can be purchased by any eligible household at any time.

If a household wishes to purchase one of these units, they can be put “on the clock” immediately and will be given a Purchase and Sale Agreement and will have 7 business days to sign it and put down a deposit.

When New Units Are Added

When units are added to the Inventory, all the households on the Unit Selection List are notified. Every household will be given approximately 10 business days to see the unit and complete a Unit Preference Worksheet.

The households with the highest positions on the Unit Selection List (USL) that declare their intention to purchase one of these affordable units will be put “on the clock” immediately and will be given 7 business days to sign a Purchase and Sale Agreement (P&S). Households with lower positions on the USL will be given an opportunity to purchase a unit after the households ahead of them have either “passed” on the units or failed to execute a P&S within the allotted time frame.

Any household who does not complete the worksheet or is not interested in purchasing one of the affordable units will be moved to the bottom of the Unit Selection List.

Declined Units

If every household on a Unit Selection List is given an opportunity to purchase a particular unit and every household declines, this unit will then be made available on a first-come, first-served basis (see page 1). This means that a household that applies after the lottery for a 2BR unit will be put at the bottom of Unit Selection List #2 but if there is a 2BR unit that every household ahead of them on the list already declined, the new household can be put “on the clock” for that unit immediately and they will have 7 business days to sign a P&S Agreement for it.

Step 5: Sign Purchase and Sale Agreement

If a household 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 Agreement). When the buyer is provided with the standard P&S Agreement, the buyer will also be provided with the appropriate GGP contact information to answer any P&S Agreement related questions. If the buyer does not sign a P&S Agreement, they will be dropped to the bottom of the respective Unit Selection List. If they decide to sign a P&S Agreement, they will call the Lottery Agent 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 Lottery Agent.

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

Step 6: 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. **Once a household has obtained this Mortgage Commitment Letter, the household will provide a copy of this letter to SEB.**

Step 7: Final Review for Program Eligibility

Before a household can close on their affordable unit, SEB must do a final review of the household's eligibility income and asset eligibility and 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, 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 Homeowners, single parents and displaced homemakers who are current homeowners will not be able to receive a Resale Price Certificate until they have sold their home. They will be allowed to sign a P&S Agreement but must then sell their home before moving forward in the process. Once their home is sold, they will need to send their HUD-1 Settlement Statement Certificate (received at closing) to the Lottery Agent. The Lottery Agent 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, the Lottery Agent will notify DHCD who will then be prepared to receive all of the documentation listed above.

Step 8: Closing and Move-in

The Purchase and Sale Agreement will set the Closing Date.

If all the steps above are followed, the closing should go smoothly. Your lender and lawyer will be able to guide you with steps 6 through 9.

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

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

DEED RIDER SUMMARY/ PROPERTY RESTRICTIONS

This is not the Deed Rider. A copy of the actual Deed Rider should be available from the Lottery Agent 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 and will be recorded in the public records. 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 \$ 82,400 (A) and the initial sales price is \$ 154,200 (B) the Resale Price Multiplier would equal $B/A = (C) = 1.871$.

Upon resale, assuming the base number has increased to \$ 84,500 (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) = $\$84,500 \times 1.871 = \$158,130$ (E)

plus

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

THE MAXIMUM RESALE PRICE IS (E) *plus* Capital Improvements = \$163,130

This is just an example.

There is also no guaranteed that you will be able to sell your home for the maximum resale price.

RESALE PROCESS

Under no conditions can the home be sold for more than the Maximum Resale Price.

Once the Town of Natick and DHCD receive the notice to sell, the Town/DHCD 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. Applicants will be directed to a copy of a blank Deed Rider which will later be made available on the SEB webpage:

www.s-e-b.com/lotteries/Natick/LIP_Deed_Rider.

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.