

“INTRODUCTION”

AFFORDABLE HOUSING LOTTERY

COBBLER’S KNOLL Mendon, MA

Cobbler’s Knoll, LLC (the “Developer”) and Delphic Associates, LLC (the “Consultant”) and the Town of Mendon (the “Town”), are working to provide this affordable housing opportunity at Cobbler’s Knoll, Hartford Avenue, East Mendon, MA (the “Development”).

When completed, the age-restricted area of the development will have 28 homes, to contain 2 and 3 bedrooms are to be sold to households with at least one resident being a minimum of 55 years of age. Seven of the 28 homes are designated as affordable and sold to income eligible buyers who may own or have previously owned a home.

All Affordable Homes will have a “Deed Rider” that will be attached to the deed at the time of closing. This deed rider restricts the amount for which the home can be resold and requires that the subsequent buyer have a household income at or below 80% of the base area median income at the time of resale. The deed rider ensures that the home stays affordable in perpetuity. The form of the deed rider will be included with the purchase and sale agreement. A “Deed Rider Summary” is included in the Lottery Application.

The Town, Consultant and the Developer will be sponsoring an application process and lottery to rank the eligible applicants for the program. The application and lottery process as well as the eligibility requirements are described in this plan.

This packet contains specific information on the background, eligibility requirements, selection priority categories, application process and the affordable housing program that is part of the Development. The Consultant and the Developer invite you to read this information and submit an application if you believe you meet the eligibility requirements.

DEVELOPER: COBBLER'S KNOLL, LLC – WESTBORO, MA

MARKETED BY: DELPHIC ASSOCIATES, LLC – PAUL E. CUSSON – NEW BEDFORD, MA

BACKGROUND

Affordable Housing in Mendon

A private developer, Cobblers Knoll, LLC and officials of the Town of Mendon have collaborated to provide this affordable housing opportunity in Mendon. In the age-restricted area of the development 7 of 28 homes have been designated as affordable. The homes are to be sold to homebuyers whose total family income not to exceed \$66,150 at the initial sales prices of:

- Age restricted: \$170,000

The application process as well as the eligibility requirements, are described herein

ELIGIBILITY REQUIREMENTS

Affordable Housing in Mendon

Q: Who is eligible to apply for the affordable homes at Cobblers Knoll?

A: Displaced homemakers and households over the age of 55 do not have to be first-time homebuyers, but must sell their current property in order to be eligible.

Q: What is the maximum family income and asset eligibility requirement?

A: To be eligible to purchase an affordable home, annual income and assets must be below the maximum level as described below. There is no minimum income, although applicants' income must be able to support a mortgage that is sufficient to purchase the affordable home.

MAXIMUM INCOME

Eligible homebuyers whose total family/household income does not exceed:

Annual Maximum Household Income: \$66,150

MAXIMUM ASSETS

For eligible households, the total gross household liquid asset limitation is \$50,000 excluding real estate equity. If a household member currently owns a property, which must be sold to be eligible for this lottery, the total amount of allowable equity in the property is \$150,000. Therefore, the combined asset limitation for households over the age of 55 is \$200,000

Liquid assets include all cash, cash in savings accounts, checking checking accounts, certificates of deposits, bonds, stocks, and the value of real estate holdings as outlined above, and other forms of capital investment.

Restricted accounts, such as IRA's, 401(k)s, SEPs and pension funds will not be used to calculate total amount of assets, but will be used to calculate gross income, if a household is currently drawing down from such account(s).

Imputed interest income from all accounts, including liquid assets and restricted accounts, will be calculated by multiplying the total

amount of assets over \$5,000 by the current HUD passbook rate and added to the total gross income.

Q: Our total Gross Income including an unusual bonus rendered our income higher than the guidelines. Are we automatically disqualified?

A: On a case by case basis a determination will be made by the Consultant to be approved by the Monitoring Agent, which is Citizens Housing and Planning Association (CHAPA). If the bonus, overtime pay, or compensation is not customary or ordinary, a determination could be made that you still qualify.

Q: What are the financial eligibility requirements?

A: To be eligible to purchase an affordable home, the total annual household income must be within a particular range necessary to support the requested mortgage amount. The actual minimum household income will be determined by the lender considering credit, total debt, and other underwriting criteria.

Q: Do we need to pre-qualify for a mortgage?

A: Applicants are required to submit a pre-qualification/pre-approval letter with the application for an amount sufficient to purchase an affordable home.

Households should have sufficient funds for a down payment and closing costs.

Non-household members are not permitted to be co-signers on the mortgage.

Q: What are the minimum income requirements?

A: To qualify for a mortgage loan to purchase these homes there will be minimum income limits to be determined by the lender.

Normally the lender will use a "Housing Debt Ratio" of housing expense to include principal, interest, mortgage insurance, real estate taxes, and homeowner's insurance and a "Total Debt Ratio" including housing and all other debts. The precise ratios and minimum income requirements will vary for each applicant according to the terms of the loan, the amount of the down payment, the interest rate, and other factors.

Q: What constitutes a household?

A: A household constitutes the number of persons living in the home regardless of marital status.

Gross income from all household members shall be considered in determining compliance with income eligibility requirements.

**SELECTION PRIORITY
Affordable Housing in MENDON**

Q: How many Age-Restricted homes are there?

A: There are seven Age Restricted (55 & over) homes.

**APPLICATION PROCESS AND SCHEDULE
Affordable Housing in Mendon**

Q: What is the schedule for applications for the affordable homes?

A: Applications are now available on a first come first serve basis.

APPLICATIONS WILL NOT BE MAILED
Applications are also available online at Citizens Housing and Planning Association's website: www.chapa.org and at Delphic Associate's website: www.DelphicAssociates.com

All applications should be mailed CERTIFIED RETURN RECEIPT REQUESTED to:

**Delphic Associates, LLC
651 Orchard Street, Suite 308
New Bedford, Ma 02744
ATTN: Susan Lapointe**

**COBBLER'S KNOLL
MENDON, MA
AFFORDABLE HOUSING LOTTERY APPLICATION**

Name _____ Home Tel. # _____

Address _____ Work Tel. # _____

City _____ Cell Phone # _____

State _____ Zip _____ E-Mail Address _____

Social Security # _____ Number of Persons
In Household _____

HOUSEHOLD MEMBERS:

Please list **ALL** household members regardless of age who will occupy the affordable home:

Name	Date Of Birth	Gender	SS#	Relationship
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

HOMEBUYERS:

Have you owned a home or joint interest in a home in the past three years?

YES _____ NO _____

If yes, please explain _____

How much will your home sell for? _____

How much do you owe on your home? _____

Please include a comparative market analysis and mortgage statement showing your current balance.

EMPLOYMENT STATUS

Applicant's Name: _____
Occupation: _____
Name/Tel#/Address Present
Employer: _____

Date of Hire: _____
Name & Title of Supervisor: _____
Annual Gross Salary: _____

Co-Applicants Name: _____
Occupation: _____
Name/Tel#/Address Present
Employer: _____

Date of Hire: _____
Name & Title of Supervisor: _____
Annual Gross Salary: _____

If other adult household members are employed, please attach a separate sheet with their current employment information.

INCOME INFORMATION:

Please complete the following information for all persons receiving income in the household at the time of applicant. Household income includes gross wages, retirement income (if drawing on it for income), business income, veterans benefits, alimony/child support, unemployment compensation, social security, pension/disability income, supplemental second income and dividend income.

In addition to completing the following, please attach all income documentation including:

- Five most recent pay stubs
- Social security documentation
- Pension documentation
- Entire tax returns and W-2's for the last three years

Applicant

Salary: \$ _____

Interest & Dividends: \$ _____

Veteran's Benefits: \$ _____

Alimony/Child Support: \$ _____

Other Income: \$ _____

TOTAL INCOME: \$ _____

Co-Applicant

Salary: \$ _____

Interest & Dividends: \$ _____

Veteran's Benefits: \$ _____

Alimony/Child Support: \$ _____

Other Income: \$ _____

TOTAL INCOME: \$ _____

Assets (Liquid, such as cash, stocks, bonds, etc.)

BORROWER:

NAME ON ACCOUNT: _____

BANK NAME: _____

BANK ADDRESS: _____

SAVINGS: _____

CHECKING: _____

(Attach a copy of last 3 months activity for both checking and savings accounts)

MONETARY GIFT: _____

(Attach a gift letter, from the person giving the gift, indicating their source of funds and no repayment is expected.)

STOCK/BONDS: _____ None

(Attach a copy last three Stocks and Bonds Investment Portfolio Statements)

CO-BORROWER:

NAME ON ACCOUNT: _____

BANK NAME: _____

BANK ADDRESS: _____

SAVINGS: _____

CHECKING: _____

(Attach a copy of last 3 months activity for both checking and savings accounts)

MONETARY GIFT: _____

(Attach a gift letter, from the person giving the gift, indicating their source of funds and no repayment is expected.)

STOCK/BONDS: _____ None

(Attach a copy last three Stocks and Bonds Investment Portfolio Statements)

DEED RIDER SUMMARY

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 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 insure 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, (determined by the “Resale Price Multiplier”), of the property’s fair market value.

However, at a minimum the purchaser must agree to:

PRINCIPAL RESIDENCE

To occupy the property as a principal residence, where you regularly live, eat, sleep, are registered to vote, etc.

LEASING AND REFINANCING

You may not rent or lease your home without the prior written consent of the Monitoring Agent. In addition, you must notify the monitoring agent if you are going to refinance your mortgage

NOTICES WHEN SELLING YOUR HOME

When you sell your home, you must notify the town and CHAPA. This notice is referred to as the “Conveyance Notice” in the Deed Rider. The notice must include the Resale Price Multiplier (see below) and the maximum resale price, which CHAPA must approve.

MAXIMUM RESALE PRICE

The Maximum Resale Price is limited by the percentage change in the median income, with credit for certain capital improvements.

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 \$82,600 and the initial sales price is \$160,000, the resale price multiplier would equal 1.94 ($160,000/82,600=1.94$)

Upon resale, assuming the base number has increased to \$92,000 and the cost of approved capital improvements (ex. new roof, \$5,000), the maximum resale price would be calculated as follows:

Base number 92,000 x 1.94	= 178,480 plus
Resale fee (defined in Deed Rider)	= 4,462 plus
Resale fee is equal to 2.5% of the new area median income say \$92,000 (2.5% x92,000 = 2,300) multiplied by the resale price multiplier (2,300 x 2.18 = 4,462)	
Approved Capital Improvements (new roof)	= <u>5,000</u>

THE MAXIMUM RESALE PRICE OF \$187,942

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

RESALE PROCESS

Once CHAPA, as Monitoring Agency, receives the notice to sell, CHAPA has 90 days to find an eligible homebuyer (a first-time homebuyer whose income is at or below 80% of the area median income and who meets the asset limit). The town can also decide within those 90 days to purchase the home. CHAPA may ask you to hire a broker to help with the resale.

If CHAPA finds an eligible buyer within the 90 day period, an Eligible Purchaser Certificate will be issued to the new buyer. The certificate states that the sale complies with the Deed Rider. If the town purchases your home, a Municipal Purchaser Certificate is issued.

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

If 120 days pass from the date of the conveyance notice, and CHAPA cannot find an eligible buyer and the town does not want to purchase the home, you have up to 6 months to sell your home on the open market at 95% of the appraised value (determined by an appraiser and approved by CHAPA). However, any gain you make above the maximum resale price will be paid directly to the town's Affordable Housing Trust. You cannot keep the additional gain.

Upon receipt of the additional funds gained, the town will issue a Compliance Certificate that states that the town received the funds. This is given to the new buyer and CHAPA and is recorded. This certificate releases the new buyer from any further obligations with respect to the Deed Rider and its restrictions for resale.

DISCLOSURE FORM

PLEASE INITIAL THE FOLLOWING ITEM:

I/We certify that at least one resident will be at least 55 years of age at _____ the time of purchase for age restricted homes.

I/We further certify that our household is _____ persons; and

that our household income does not exceed the income limits provided in the Lottery Information Packet; and

that our household is able to provide the minimum down payment required for the first-time home buyer program; and

I/We have attached as required a pre-approval letter from a lender

I/We certify that I/we have read the Deed Rider Summary and understand the purchasers obligation there under or shall seek legal or other counsel for further explanation and understanding.

I/We certify that the information in this application and in support of this application is true and correct to the best of my/our knowledge and belief under full penalty of perjury. I/We understand that perjury will result in disqualification from further consideration.

I/We further hereby authorize the developer, Delphic Associates, and Citizens Housing and Planning Association authority to inquire of credit agencies, employer, banking institutions and lending institutions to allow and assist them to determine my/our determination of eligibility of an affordable home. In addition, we hereby authorize any lender, mortgage company or mortgage broker to whom we apply for a mortgage in conjunction with our application to release any and all information regarding our loan application. This authorization includes all mortgage application information provided to the lender including, but not limited to credit reports, other loan applications, assets, employer information, etc..

I/We certify that we comply with the maximum asset limitations of \$50,000 in liquid assets and \$150,000 for real estate equity, a combined total of \$200,000.

Information missing from the application, including, but not limited to the following could be considered an incomplete application, thus being ineligible for the lottery.

- Lender pre-approval letter
- Income documentation (as indicated on checklist)
- Local preference documentation

APPLICANT SIGNATURE

DATE

CO-APPLICANT SIGNATURE

DATE

APPLICATION CHECKLIST

Your application is not considered complete without the following documents. Incomplete or ineligible applications will not be entered into the lottery.

- Completed and signed application
- All income documentation including five most recent pay stubs, entire state and federal tax returns and W-2's for the three years, and any additional income documentation such as but not limited to (social security, pension, alimony and child support income)
- All asset information including the last 5 checking and savings account bank statements, evidence of the value of CD's, brokerage statements, etc.
- A pre-qualification/pre-approval letter from a bank or mortgage company indicating your household qualifies for a mortgage sufficient enough to purchase a home at COBBLER'S KNOLL
- Initial the Deed Rider Summary
- Narrative stating each borrowers work history for last 2 years (attach to application)
- Applicant shall provide documentation to be considered within the Local Priority group
- Comparative Market Analysis for your current property.
- A mortgage statement showing the balance owed on your home.

**ALL APPLICATIONS MUST BE MAILED CERTIFIED RETURN RECEIPT
REQUESTED TO:**

**DELPHIC ASSOCIATES, LLC
651 Orchard Street, Suite 308
New Bedford, MA 02744
ATTN: Susan Lapointe**