

Information Package



This packet contains specific information on the affordable housing program as well as background, eligibility requirement, selection priority categories, and application process for 4 affordable homes being offered for purchase at Drakes Landing in the Town of West Newbury.

We invite you to read this information packet and submit an application if you think you meet the eligibility requirements.

**The deadline to submit a complete application
is April 30, 2019 at 4 p.m.**

General Overview and Sales Prices

West Newbury comprises some 15 square miles of rolling hills with broad valleys, open fields, woodlands, ponds and historic homes as the setting for a vibrant community of about 4,500. Hiking, bridle and cross-country trails weave throughout the town. Working farms and a dairy, as well as extensive conservation land, characterize West Newbury.

The Merrimack River flows along the northern border while the bustling history port of Newburyport lies to the east. Plum Island beaches are minutes away; New Hampshire and Maine are close by. Trains, buses and Interstates 95 and 495 access Boston, roughly 40 miles to the south.

Drakes Landing is a 34-unit homeownership development that will consist of four (4) affordable units and thirty (30) market rate units. This development is being built as a “pocket neighborhood,” which is a collection of homes strategically nested together and centered on a shared open space or common area. This design promotes neighborly interaction while preserving personal space and privacy.

The affordable homes will be made available to first-time homebuyers* who are income and asset eligible. All are 2-bedroom homes will feature a kitchen, living room and, dining area. The duplex models have 1 ½ bathrooms; the single-family homes have 2 ½ baths. The development itself will feature access to community walking trails, a community park with patio and outdoor fireplace, a duck pond and picket-fence lined sidewalks. The municipality will supply water to the homes, but wastewater disposal will be via septic system.

Other unit details include forced hot air by propane gas (95.5% efficiency rating), stained cabinets and electric range and dishwasher. Countertops will be formica from the builder’s selection. All units will feature vinyl flooring in the living room, kitchen/dining area, bathrooms and mud/laundry rooms. A washer/dryer electric hookup will be provided, but the owner will be responsible for purchasing the appliances. Central air conditioning is offered as an option.

The affordable sales prices are being set based upon the Lawrence, MA-NH HUD Metro FMR for families earning no more than 80% of median income. The sales price for the 2-bedroom homes is \$174,300. The monthly condo fee for all affordable homes will initially be set at \$150.

The opportunity to purchase these homes will be done through a lottery process. Any household that does not have an initial opportunity to purchase will be placed on a waiting list.

* Defined as not having owned a home within the past three years. Some exceptions apply.

Unit Type	Bedroom Size	# of Units	Sales Price	Condo Fees	Baths	Square Footage
Duplex	2	2	\$174,300	\$150.00	1 ½	1,200
Single Family	2	2	\$174,300	\$150.00	2 ½	1,488

*Approximate square footage of total finished areas

The developer and its representatives do not discriminate based on race, color, disability, religion, sex, familial status, sexual orientation, national origin, genetic information, ancestry, children, marital status, or public assistance recipiency. Persons with disabilities 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 persons with disabilities equal opportunity to use and enjoy the housing.

GENERAL ELIGIBILITY REQUIREMENTS

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 Lowell area. The maximum incomes allowed for this program are:

<u>HOUSEHOLD SIZE</u>	<u>INCOME LIMIT</u>
1	\$50,350
2	\$57,550
3	\$64,750
4	\$71,900
5	\$77,700
6	\$83,450
7	\$89,200
8	\$94,950

Approximate Minimum Income

While there is no specific minimum income, all households must qualify for a mortgage to purchase an affordable unit. The minimum income limits to qualify for a mortgage will be determined by a lender or bank. All applicants must receive mortgage preapproval and submit it with their application in order to be considered eligible.

Telephone: 978-256-7425
TTY/TDD: 1-800-439-2370



www.chelmsfordha.com
lisa@chelmsfordha.com

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.

FAQs

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.
- 3.) The household must be pre-approved for a mortgage in amount sufficient to cover the purchase price of the home.

The household must put down 3% of the purchase price when signing the Purchase and Sale agreement, half of which must come from its own funds.

Q. Who is a “first-time homebuyer”?

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 adult individual who meets ALL the following criteria: Has not worked full-time 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 one or more children of whom the individual has custody or joint custody, or is pregnant).
- 3.) An age-qualified household (in which at least one member is age 55 or over) that is selling a home in order to purchase an affordable unit.

- 4.) A household that owned a property that was not in compliance with state, local or model building codes and that 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: If someone in my household is age 55 or over, can I currently own a home?

A: Yes. You will not, however, be given the opportunity to purchase an affordable home until your current home is under a Purchase and Sale Agreement. For how much equity you are allowed to have in your current home, please see the Asset Limits in the following pages.

Q: Can I apply 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 until your current home is under a Purchase and Sale Agreement. For how much equity you are allowed to have in your current home, please see the Asset Limits in the following pages.

Q: Does my separation or divorce have to be finalized when I apply?

A: Your separation or divorce does not need to be finalized when you *apply* but it must be finalized *before you sign a Purchase and Sale Agreement* (see Step 5). 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 as your divorce/separation will need to be finalized in the next few months.

Q: Do I need to be a resident of West Newbury to apply?

A: No. There is no residency requirement assigned to the purchase of an affordable unit at Drakes Landing.

MAXIMUM INCOME AND ASSET LIMITS

Q: How is a household's income determined?

A: The Chelmsford Housing Authority, in its capacity as the Lottery Agent, will calculate the income a household makes over the course of a 12-month period. In an effort to provide as accurate an income estimation as possible, the CHA must review all current and historical income data.

ALL SOURCES OF INCOME ARE COUNTED. Any monies you receive will be counted as 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 received in court settlements and imputed interest and dividends on bank accounts and other assets.

There are some exceptions under which income will not be counted, most notably income from employment of children under the age of 18.

It is not up to the household to determine what monies should and should not be counted as its calculated income. All monies, therefore, 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 also submit their three most recent tax returns for all household members.

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 is not based solely upon one or the other.

Age Qualified Households, Displaced Homemaker and Single Parent Exception:

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

MORTGAGE PRE-APPROVAL STANDARDS

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 Freddie Mac's weekly published 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

Once an applicant is ready to seek a mortgage, we strongly encourage households to apply through banks that are familiar with resale restrictions and guidelines for affordable housing programs. These banks will likely be aware of products designed especially for first-time homebuyers.

Households will need to bring a copy of the EXAMPLE Deed Rider to their lender. A copy can be downloaded directly off our website at www.chelmsfordha.com. The Deed Rider is a document that details, among other things, the restrictions that will be placed upon the unit at the time of resale in order to preserve its affordability. It is in the buyer's best interest, therefore, to show all lenders a copy of the Deed Rider when applying for a mortgage. Otherwise, they may find a lender who grants a commitment for a mortgage, but backs out at the time of purchase once they are made aware of the resale restrictions.

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 assets.

HOUSEHOLD SIZE AND COMPOSITION

Q: How is appropriate household size determined?

A: 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 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 received reliable medical documentation as to such impact of sharing.

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

Household Size and Composition FAQs

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.

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

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

STEP-BY-STEP PROCESS AND TIMELINE

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

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:	Program Application	Current
Step 2:	Unit Selection	Current
Step 3:	Sign Purchase and Sale Agreement	7 business days after Unit Selection
Step 7:	Obtain Mortgage Commitment	45 days prior to closing
Step 8:	Final Review for Program Eligibility	Three weeks prior to closing
Step 9:	Closing and Move-in	TBD

Step 1: Program Application

Once a household reads this Information Packet in its entirety, applicants 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.

All applications should be sent to:

Chelmsford Housing Authority
Re: Drakes Landing
10 Wilson St.
Chelmsford, MA 01824

You may also submit your application by fax at 978-256-1895 or via email to:
lisa@chelmsfordha.com.

Once a completed Program Application is received with all required documentation and a mortgage pre-approval, eligible households will be reviewed for eligibility and compliance.

Step 2: Lottery Ticket Assigned

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

If the household is determined to be eligible for the lottery, it will receive one or more Lottery Tickets in the order in which their completed application was received. This ticket will be entered into each Lottery for each affordable unit for which the applicant is eligible.

Households that are deemed ineligible by the CHA 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. The 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 entered into the Lottery.

Age-Qualified Households, Displaced Homemakers and Single Parents that have yet to sell their homes and/or finalize their divorce/separations will be given conditional approval and will be given a Lottery Ticket(s) to be entered into the lottery like all other eligible households. They will be required to submit all additional documentation verifying their claims later in the process if they wish to purchase a unit.

Step 3: The Lottery

The Lottery will be held on May 7, 2019 at noon. Applicants are welcome, but do not have to attend the Lottery to remain eligible; results will be mailed to all participants. A representative from the Town of West Newbury will pull the tickets and the “winners” will be determined in the order in which the tickets are drawn provided that the household is of appropriate size for a 2-bedroom home. For example, if the ticket of a single-person household is drawn first, that household will NOT be given the chance to purchase until all households of appropriate size have been given the opportunity to purchase.

Step 4: Unit Selection

The Sales Office will set up a time for the lottery winners to select a unit. At this selection, households will receive a copy of the Condominium Documents, the Master Deed, Deed Rider, and the Reservation Form. Households will have to sign the Reservation Form and provide a \$1,000 deposit (this will be considered as part of the 3% down payment) in the form of a certified or bank check.

After unit selection is complete, the Sales Office will prepare the Purchase and Sale agreement; this agreement must be signed by the applicant within 7 business days of receipt. It is highly recommended that the household retain an attorney to review the P&S. The remainder of the 3% down payment in the form of a certified or bank check must also be paid at this time.

Households that currently own a home when they applied will need to provide a copy of a signed P&S Agreement to the Chelmsford Housing Authority showing that their current residence is under agreement to be sold before being allowed to select a unit.

Applicants who are in the process of being separated/divorced when they applied must provide a copy of their Divorce Decree/ Separation Agreement before being allowed to select a unit.

Q: Can I buy upgrades from the developer?

A: Yes, however these upgrades cannot change the purchase price of the home.

Step 4: Obtain Mortgage Commitment

Mortgage pre-approval does not ensure a mortgage commitment. Once a household has signed a P&S Agreement, it needs to obtain a mortgage commitment. Representatives of local banks will be made available to households to assist prospective buyers with mortgage information tailored to first-time homebuyers. At this time, the lender will want to see the P&S Agreement, Condominium Documents, Master Deed, and Deed Rider. The lender will also do an appraisal of the property once it is ready to move into. Once the appraisal is complete, the household will be able to close on the home.

Step 5: Final Review of Eligibility

Three weeks prior to their closing date, households must submit the following documentation to the Chelmsford Housing Authority (CHA):

- A copy of the Purchase and Sale Agreement.
- A copy of the Mortgage Commitment Letter from the buyer's lender, including interest rates, points, length of loan and annual percentage rate.
- Contact information for the loan closing attorney including name, address, and phone and fax numbers.

The CHA will forward this documentation to the Department of Housing and Community Development, which requires the documents no less than two weeks before the loan closing date. DHCD will review the P&S and mortgage, then provide the Resale Price Certificate and Deed Rider.

If more than 60 days lapses between the lottery and the closing, the CHA must perform another review of the household's income and asset eligibility as well as its mortgage eligibility.

It is essential that all households continue to maintain records of all income and assets until they close on their affordable unit.

Age Qualified Households, Displaced Homemakers and Exempt Single Parents that are current homeowners will not be able to close until they have sold their home. Once the home is sold, the households will need to send the HUD-1 Settlement Statement Certificate (received at closing) to the CHA. The CHA will then perform a final review of eligibility to ensure that the household does not exceed the established limit of \$75,000 once the net proceeds from the sale of the home are considered.

Step 6: Closing and Move-in

The P & S 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 through the process.

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

The Deed Rider will be prepared for your specific unit in time for the closing. A copy of an example Deed Rider will be available on the CHA's website, www.chelmsfordha.com.

The purpose of the following summary of the deed rider is intended to be informational only and 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.

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 to the following:

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 the DHCD.

NOTICES WHEN SELLING YOUR HOME

When you wish to sell your home, you must notify DHCD in writing. This notice is referred to as the "Conveyance Notice" in the Deed Rider. DHCD will set the Maximum Resale Price in accordance with the terms outlined in the Deed Rider.