

Information Package

Pineview Condominiums

7 Gorham Street/1Pineview Avenue
Chelmsford, MA 01824

Affordable Homeownership Opportunity

This packet contains specific information on the affordable housing program as well as background, eligibility requirement, selection priority categories, and application process for two affordable homes being offered for purchase at the Pineview Condominiums in the Town of Chelmsford.

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

Phone: 978-256-7425, ext. 16 or lisa@chelmsfordha.com

General Overview and Sales Prices

The town of Chelmsford was established in 1655 and boasts classic New England charm enhanced with modern amenities. It is located at the juncture of Routes 3 and 495 and is known for its highly rated public schools and state-of-the-art public library. High-school age students have the option of attending Nashoba Valley Technical School, located in the neighboring town of Westford. The MBTA Commuter Rail's Lowell station is located just down the street from the Pineview Condominiums, affording easy access to and from Boston. The Lowell Regional Transit Authority offers local public transportation with a bus stop located just a quarter mile away. Many shopping, dining and recreational opportunities exist in Chelmsford and neighboring communities. There is an active Community Center, Senior Center, and Center for the Arts. Many seasonal events - the farmers' market, summer concert series and one of the largest July 4th parades in the area - add to Chelmsford's unique appeal.

Pineview Condominiums is a 52-unit homeownership development that will consist of thirteen (13) affordable units and thirty-eight (39) market rate units. The affordable homes will be made available to first-time homebuyers* who are income and asset eligible. The lottery for these home has already taken place and three garden-style (two 2-bedroom and one 1-bedroom) homes remain available on a first-come, first-served basis.

Other unit details include gas heat and central air conditioning, painted cabinets and stainless-steel appliances including gas stove, dishwasher, and microwave. All units will also feature laminate flooring, except in the bedrooms where wall-to-wall carpeting will be installed. A washer/dryer hookup will also be provided.

The sales prices are based upon income limits for the Lowell, MA HUD Metro FMR Area for families earning no more than 80% of median income. The sales prices for the 2-bedroom homes is \$182,300; the 1-bedroom home is \$158,100. The monthly condo fee will initially be set at \$242 for all units.

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 reciprocity. 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 gross 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	\$52,850
2	\$60,400
3	\$67,750
4	\$75,500
5	\$81,550

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 a mortgage preapproval and submit it with their application in order to be considered eligible.

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.

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 Limit section 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*. 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 Chelmsford to apply?

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

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 federal 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 value 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 listed on Page 3 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.

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: Pineview Condominiums
10 Wilson St.
Chelmsford, MA 01824

You may also submit your application by fax at 978-256-7425 or via email to:
lisa@chelmsfordha.com.

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

Purchasing Process

Once you have been deemed eligible, you will meet with the sales office and 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 that must be signed by the applicant within 7 business days of receipt. It is highly recommended that the household retain an attorney to review this agreement. 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, but the cost of the upgrades cannot be included in the purchase price. It must be a separate transaction.

Final Steps

Prior to their closing date, households must submit the following documentation to the Westford Housing Authority:

- 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 closing attorney including name, address, and phone and fax numbers.

The WHA requires the documents no less than two weeks before the loan closing date. The WHA will review the P & S and mortgage, then arrange for the preparation of a Resale Price Certificate, Deed Rider and a non-financial mortgage document to be delivered to the buyer's closing attorney in time for the closing.

Once you have closed on the unit, there is 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 Chelmsford Housing Authority'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 Westford Housing Authority.

NOTICES WHEN SELLING YOUR HOME

When you wish to sell your home, you must notify the monitoring agent in writing. This notice is referred to as the "Conveyance Notice" in the Deed Rider. The monitoring agent will set the Maximum Resale Price.