

## **“INTRODUCTION”**

### **AFFORDABLE HOUSING LOTTERY**

#### **Fisher Terrace Holden, MA**

Fisher Terrace, LLC (the “Developer”), Delphic Associates, LLC (the “Consultant”) and the Town of Holden (the “Town”), have collaborate to provide this affordable housing opportunity at Fisher Terrace, Holden, MA (the “Development”).

When completed, the Development will have 32 condominiums of which 8 shall be designated as “Affordable Units”, with a sales price of \$152,900 for each 3 bedroom unit.

All Affordable Units 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 unit can be resold and requires that the subsequent buyer have a household income at or below 80% of the base area median income. The deed rider ensures that the unit 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.

This packet contains specific information on the background, eligibility requirements and the application process for this development. The Consultant and the Developer invite you to read this information and submit an application if you believe you meet the eligibility requirements.

The application process and does not assure you a unit. Approval of your application must be received from the consultant and confirmed by Citizens Housing and Planning Association (CHAPA) to determine eligibility. In addition you will need to receive a financing commitment from a lender to buy a house in accordance with Massachusetts Housing Finance Agency (Mass Housing) underwriting standards.

**ELIGIBILITY REQUIREMENTS**  
**Affordable Housing in Holden**

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**Q: Who is eligible to apply for Affordable Homes.**

A: Applicants must be first-time homebuyers. A person is a “first-time home buyer” if no person in his or her household has, within the preceding three years, owned a home or owned an interest in a home with one or more people, such as through joint ownership with the exception of:

- **“DISPLACED HOMEMAKERS”**(where the displaced homemaker (an adult who 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), while a homemaker, owned a home with his or her partner or resided in a home owned by the partner);
- **“SINGLE PARENTS”** (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 the individual has custody or joint custody, or is pregnant);
- **“ELDERLY HOUSEHOLDS”** (where at least one (1) household member is 55 or over);

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

A: To be eligible to purchase an affordable home, annual income and assets of all **household members** must be below the maximum level as adjusted for family size. For information regarding maximum household income for a particular community, kindly visit the below link  
[www.huduser.org/datasets/il/il2007/select\\_geography.odb](http://www.huduser.org/datasets/il/il2007/select_geography.odb)

**MAXIMUM INCOME**

Maximum allowable household, total income cannot not exceed:

<i>Household Size</i>	1	2	3	4	5
<b>* Max. Income</b>	\$43,050	\$49,200	\$55,350	\$61,500	\$66,400

Base area median income has been determined by the US Department of Housing and Urban Development (HUD) which is \$72,800 for the Town of Holden for 2007. Holden town is part of the Worcester, MA HUD Metro FMR Area.

\*Larger households are allowed slightly higher income limits, call for details.

## MAXIMUM ASSETS

### Appendix A: Definition of Assets

The value of necessary items of personal property, such as furniture or automobiles shall be excluded. Determination of assets shall be based upon a full and fair present cash value of the asset at the time of application to the program. If a potential purchaser divests himself or herself of an asset for less than full and fair present cash value of the asset within one year prior to application, the full and fair cash value of the asset at the time of its disposition must be declared and shall be included for purposes of calculating eligibility.

### **Household Assets include the following:**

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc: For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets.

2. Revocable trusts: The cash value of any revocable trust available to the applicant.

3. Equity in rental property or other capital investments: The current fair market value less (a) any unpaid balance on any loans secured by the property and (b) reasonable costs that would be incurred in selling the asset (e.g., penalties, broker fees, etc.).

4. Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts: The value of stocks and other assets vary from one day to another and should be determined within a reasonable time in advance of the applicant's submission of an application to participate in the subject housing program.

5. Individual retirement, 401K, and Keogh accounts: When the holder has access to the funds, even though a penalty may be assessed. If the applicant is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count withdrawals as income.)

6. Retirement and pension funds.

a) While the person is employed:

- Amounts the applicant can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs.

b) At retirement, termination of employment, or withdrawal:

- Periodic receipts from pension and retirement funds are counted as income. Lump-sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income, as provided below. If benefits will be received in a lump sum, include the

lump-sum receipt in net household assets. If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.

If the applicant initially receives a lump-sum benefit followed by periodic payments, count the lump-sum benefit as an asset as provided in the example below and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.

**NOTE:** This paragraph assumes that the lump-sum receipt is a one-time receipt and that it does not represent delayed periodic payments. However, in situations in which a lump-sum payment does represent delayed periodic payments, then the amount would be considered as income and not an asset.

7. Cash value of life insurance policies available to the applicant before death (e.g., the surrender value of a whole life policy or a universal life policy): It would not include a value for term insurance, which has no cash value to the applicant before death.

8. Personal property held as an investment: Gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.

9. Lump-sum receipts or one-time receipts: Inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.

10. A mortgage or deed of trust held by an applicant: Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset. This combined figure needs to be separated into the principal and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)

To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification. To count the imputed income for this asset, determine the asset value at the end of the 12-month period following the certification.

**Household Assets DO NOT include the following:**

- Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).
- Interests in Indian trust land.
- Term life insurance policies (i.e., where there is no cash value).
- Equity in the cooperative unit in which the applicant lives.
- Assets that are part of an active business: "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's main occupation.

- Assets that are NOT effectively owned by the applicant: Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not the applicant, and (b) that other person is responsible for income taxes incurred on income generated by the assets.

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

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

Households should demonstrate availability of sufficient funds for a down payment and closing costs at time of lottery application.

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 the total annual household income as determined by the lender, must be adequate to support the requested mortgage amount.

Normally the lender will use a "Housing Debt Ratio" of housing expense to include principal, interest, mortgage insurance, real estate taxes and unit owner'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 with the exception of wages earned from employment of children under the age of eighteen.

**Q: Where are the affordable units located and when will they be available for occupancy?**

A: The affordable units are interspersed in the development as shown on the attached site plan identified by the designation "A".

The availability of the affordable units is dependent on the sales and construction of the "Market Rate Units". Approximately one (1) unit for every four (4) units built will be an "Affordable Unit".

**SELECTION PRIORITY**  
**Affordable Housing in Holden**

**Q: How will applicants for the affordable units be selected?**

A: We are accepting applications on a First Come First Serve bases (FCFS) on the basis of a complete application.

First-time home buyers courses are highly recommended.

**All applications must be mailed by certified mail return receipt requested.**  
**NO EXCEPTIONS.**

**APPLICATIONS WILL NOT BE MAILED**

Applications are also available online at Citizens Housing and Planning Association's website: [www.chapa.org](http://www.chapa.org), [www.DelphicAssociates.com](http://www.DelphicAssociates.com) and [www.Massaffordablehomes.org](http://www.Massaffordablehomes.org)

\* The lottery program and its requirements are subject to change in Local, State and Federal Rules and Regulations.

