

DUNIA GARDENS NORTHBOROUGH, MA

**AFFORDABLE HOUSING LOTTERY INFORMATION
PACKAGE AND APPLICATION**



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Section One

AFFIRMATIVE FAIR HOUSING MARKETING PLAN (AFHMP)

Questions & Answers



AFFIRMATIVE FAIR HOUSING MARKETING PLAN - AFFORDABLE HOUSING LOTTERY

Developer: Dunia Gardens LLC

Development Name: Dunia Gardens

Location: Northborough, MA

INTRODUCTION

A private developer, Dunia Gardens, LLC, the lottery agent, Delphic Associates, and officials of the Town of Northborough have collaborated to provide this affordable housing opportunity. The development to be known as Dunia Gardens will have 28 town homes all service by town water and sewer. There will be 7 homes designated as affordable and sold to first time homebuyers with household incomes at or below 80% of the area median income.

Dunia Gardens is located in the town of Northborough on approximately 4 acres, and is located on 239 Hudson Street a connector between Northborough Center, Solomon Pond Mall, Routes 135, 20, 290, and Interstate 295 & 495 .

The complex, consist of 8 Triplexes and 2 Duplexes. Each of the units will have a 2 car garage, with storage behind the garage. Then entrance foyer leads to a set of stairs which enters into the Living room area which is adjacent to the formal dining room. Across from the entrance area is a half bath and to the left of the entrance way is a large kitchen with pantry and dining area. Another set of stairs leads to the second floor and has one bath with two bedrooms and a Master bedroom with a full bath which includes a shower stall. (See attached Preliminary Floor Plans & Elevations) *Please note: All proposed plans & elevations are preliminary/schematic & are subject to change through design development.*

The affordable 3 bedroom homes will be sold at the initial sales prices of **\$175,500**. It is estimated that the total **monthly cost** of your mortgage payment including Principal, Interest, Real Estate Taxes, Private Mortgage Insurance (PMI), Condominium fee (\$80 mo.), Hazard Insurance will be approximate **\$1,394**. This assumes a 30 year fixed rat mortgage at current rates with a 5% down payment. This is only an estimate your actual mortgage payment maybe be different and you should verify your actual mortgage payment with you lender and or accountant.

However, this monthly mortgage payment is pre-tax and does not include the tax advantage of home ownership. To determine you net expense post tax you should consult with your accountant or tax advisor.

AFFIRMATIVE FAIR HOUSING MARKETING PLAN (AFHMP)

This Affirmative Fair Housing Marketing Plan (AFHMP) will be for all of the affordable homes being offered. To enable as many applicants as possible, the developer and the lottery agent will conduct a **special marketing outreach program (AFHMP)**. This outreach will be designed to specifically attract applicants who are less likely to apply for the opportunity to purchase the affordable homes. The Town, developer and the lottery agent as part of the Affirmative Fair Housing Marketing Plan will be advertising and making known this **housing opportunity** and application process as well as the eligibility requirements in advertisements, mailings and notices as described herein. In addition mailings and notices will be sent to local and area housing authorities, area religious organizations, civic groups, lending institution, social service organizations. Also, notices will be sent to local cable and local access television programs. With the anticipated cooperation of the town notices will be mailed to employees of the town, and notices will be sent to area town officials.

A Question and Answer (Q&A) workshop for interest buyers will be conducted at a time and place described herein. It is intended to have the developer, local officials and representatives of local bank(s) to be on hand to answer specific questions, including the explanation special financing programs that may be available.

Dates for the availability and location where the applications may be picked up, and a public information workshop may be announced in the Cape Verdean News, El-Mundo, Sampan, Real Estate Book, Metro West Daily and other regional and local media sources.

In addition, information and applications are available on the following websites:

- MassAccess Accessible/Affordable Housing Registry www.massaccesshousingregistry.org
- Mass Affordable Housing Alliance – www.massaffordablehomes.org
- Delphic Associates www.DelphicAssociates.com

Should you not have access to the internet you may call Delphic Associates at 508 994-4100 and an application will be sent to you.

It is anticipated that there will be more interested and eligible applicants that available homes. A lottery will be held as further described herein.

FREQUENTLY ASKED QUESTION FOR HOUSING LOTTERIES

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 household member is 55 or over);
- Households that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; and
- Households 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.

Q. If I am currently in the process of a separation and plan on being legally divorce can I still apply?

A: Your divorce does not need to be finalized when you apply for the lottery; however it must be finalized before you sign the purchase and sale agreement. You will not be allowed to purchase and affordable home until the terms regarding the allocation of assets and custody of children must be finalized, so you’re your income and asses eligibility can be accurately be determined. If you have only filed for separation and your divorce is not finalized, you will not be allowed to purchase one of the affordable homes.

Q: I am disabled; will the home be modified based on my disability?

A: Developer, staff and consultants are committed to the intent and the spirit of both **state and federal fair housing laws** in the selection of lottery applicants. They will not discriminate against any protected class in the selection of applicants. Furthermore, the developer has pledged that reasonable accommodations will be taken into consideration for an approved qualified disabled applicant, to adapt the home for the applicants’ particular disability

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/il2009/select_geography.odt

MAXIMUM INCOME

Maximum allowable household, total income cannot exceed

Household Size	1	2	3	4	5	6
* Max. Income	\$45,500	\$52,000	\$58,500	\$65,500	\$70,200	\$75,400

MAXIMUM ASSETS

Household assets shall not exceed \$75,000

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 home 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: What constitutes a household?

A. A household constitutes the number of persons who plan to reside the home regardless of marital status. Gross income from all household members over the age of 18 (except for full time students) shall be considered in determining compliance with income eligibility requirements.

Q. I am expecting a child do I add the child to our household size?

A: Please provide information with the application on the due date of the child and we will determine if the child can be included in the household size which said determination will need to be confirmed by the Monitoring Agent.

Q. Why is there a Lottery?

A: The Lottery selection process is for use in the typical situation where the number of affordable applicants exceeds the number of affordable homes.

Q. How will applicants for the affordable homes be selected?

Only complete applications will be entered into the lottery.

A: Each applicant shall be assigned a confirmation code once all required information is received. Those confirmation codes are placed in each lottery pool (family size) in which they qualify.

Late applications will not be considered for the lottery. NO EXCEPTIONS. Applicants will be ranked according to their lottery number drawn in each category.

After the lottery, the highest ranked participants will be screened for any additional information required and verified priority, and upon approval of eligibility by the Monitoring Agent will be invited to enter into a Purchase and Sale agreement and subsequently thereafter apply for a mortgage loan to purchase an affordable home. Affordable homes will be offered among the highest-ranking applicants who are found to be eligible and qualify for a mortgage loan. Applicants shall not be allowed to pick the style or location of the home. They shall be offered to purchase the next affordable home.

Q. When will the affordable home be available for occupancy?

A. The minimum rate at which the affordable home is based on the comprehensive permit. Generally the minimum rate at which the affordable will be built is at a rate of 25% of all the homes, for every 4 homes being built one will be an affordable home. The developer has the option of accelerating this ratio.

Q. Is there any preference or priorities for any applicants?

A. Preference shall be given to households requiring the total number of bedrooms in the home based on the following criteria:

- There is at least one occupant and no more than two occupants per bedroom.
- A husband and wife, 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.

- 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.
- A preference for family size will be given to applicants as follows:
 - 4 or more persons in the household, followed by
 - 3 persons in the household, followed by
 - 2 person in the household, followed by
 - 1 person in the household.

Q. I “won” the lottery do I automatically get a home?

A: No. Because you rank high in the lottery process does not mean that you automatically “win” a home. It means that you have won the opportunity not the obligation to purchase a home. You must still meet all program eligibility requirements and will need to receive a financing commitment to purchase the property. If you meet the eligibility requirements but are unable to secure financing you will lose the opportunity to purchase the home.

Q. I did not receive a high ranking in the lottery process will I be able to purchase a home?

A: Many times there is a movement on the ranking list. Applicants who received a high lottery ranking may have withdrawn their application or may not be able to obtain a financing commitment or decided not to go forward for a variety of reason. From time to time applicants can inquire of their status on the lottery list.

If there is an insufficient number of qualified applicants after all lottery lists have been exhausted, then, applications will be received on a “Rolling Basis” and homes will be given to qualified applicants on a first come first serve basis.

Q. There are two (2) different types of buildings being a duplex and a triplex. Do I get to choose the type of unit I want?

A. No. Based on the construction sequence, which is subject to market demand, the affordable units will be assigned by the lottery agent at the time a particular application is approved.

FINANCING:

Q: Do I need to attend homebuyer education classes?

A: All financing programs offered by “MassHousing” www.MassHousing.com and “MassHousing Partnership” www.MHP.net. require the borrower to complete a pre-purchase homebuyer education course.

We strongly suggest that all applicants complete a pre-purchasing homebuyer course prior to entering the lottery. A schedule of upcoming first-time homebuyer workshops is posted on CHAPA’s website at www.chapa.org under “Looking for Housing?”

Q: Do we need to get a pre-approval from a lender?

A: Yes. Applicants are required to submit a **pre-approval letter** (not a pre-qualifying letter) with the application. A pre-approval letter is where the lender will review the buyer’s credit, housing and total debt ratios, work history and other criteria.

Households should demonstrate availability of sufficient funds for a down payment, closing costs and pre-paids. Applicants should inquire with their lender as to what closing costs will be. Closing costs can include but may not be limited to fees for Loan Origination, Appraisal, Credit Reports, Inspection, Document Preparation, Attorney and Title Insurance. Pre-paids can include interest that accrues from the date of settlement to the first monthly payment. Pre-paids can also include insurances such as Hazard, Flood, and Mortgage Insurance.

For down payment and closing costs assistance programs, please refer to www.mhp.net/uploads/resources/softsecond_community_downpay_assist.pdf

Q: How or where do I apply for a mortgage?

A: We strongly recommend that applicants apply for financing through banks that are familiar with the deed restrictions, and guidelines for affordable housing programs. We have a variety of lending sources that are familiar with the qualifying process to purchase the affordable homes. We are willing to share these references with all by email or phone request; however, other lenders and mortgage brokers may participate in this process.

There are many programs available for First Time Home Buyers including those offered by the MassHousing such as “**My Community**”. We suggest you or your lender refer to the MassHousing website www.MassHousing.com.

There are also programs being offered by the MassHousing Partnership (MHP) such as the “**MHP Soft Second Program**” which is offered to buyers typically at a rate of 1% less than a lenders typical best rate to a conventional buyer. We suggest that you contact a lender who is on the list of lenders participating in the program as shown on the MHP website www.MHP.net.

Q: Are there any requirements on the type of loan I receive?

A: Yes. The program requirements are:

- Down payment 3% of Purchase Price, half of which may be a gift.

- Maximum mortgage amount cannot exceed 75% of the purchase price.
- Mortgage loan must be 30-fixed rate.
- The loan has a current fair market interest rate of no more than 2 percentage points above the current Mass Housing rate. (www.MassHousing.com)
- The Buyer may pay no more than 2 points.

Non-Household members cannot 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 and the monitoring agent, must be adequate to support the requested mortgage amount.

Monthly housing costs (inclusive of principal, interest, property taxes, hazard insurance, private mortgage insurance and condominium or homeowner association fees) shall not exceed 38% of monthly income for a household earning 80% of area median income, adjusted for household size.

Q: Once I am approved by the lender are there additional approvals required.

A: Yes, it is strongly suggested that there be no life style changes, such as job changes for any of the household members, divorce, marriage, substantial credit changes such as additional monthly payments for large purchases etc. Typical, your lender will do an additional credit check, job verification and so on a few days prior to closing and deny your loan even though it had been previously approved.

Q. Are there restrictions on upon resale or refinancing?

A: Yes, the intention of the Affordable Housing Programs is to give persons the opportunity to purchase homes at reduced prices that otherwise may not qualify for a conventional purchase. There is a likely possibility that the home you are purchasing could be worth substantially more on the open market without the deed restriction. However, you would not be able to sell the home at market rate prices and pocket the difference

All affordable homes will have a “Deed Restriction” that will be recorded with the mortgage at the time of purchase. This deed restriction in part, limits the amount the home can be resold for or refinanced for and requires that it be resold to another affordable buyer. The deed restriction insures that the home stays affordable for perpetuity. You may find a summary of the Deed Restriction herein. You may also log onto MassHousing’s web-site www.Masshousing.com for a complete typical Deed Rider.

Upon resale or refinance you must notify the community and the Monitoring Agent, in accordance with the requirements in the Deed Rider. The Monitoring Agent will determine the Maximum Resale or refinancing amount. The price you paid for the property will be divided by the Base Income Number (which is the Area Median Income for a 4-person household) this determines the Resale Price Multiplier which is inserted into your Deed Rider. The Resale Price Multiplier will be multiplied by the Base Income Number at the time of your resale of the Property to determine the Maximum Resale Price. In addition, the resale fee as indicated in the Deed Rider would be added to the Maximum Resale Price along with improvements of the home that had been approved by the Monitoring Agent.

Q. I do not fully understand the conditions of the Housing Restriction “Deed Rider”?

A: As part of applications package we have included a summary of the Deed Rider explaining some of its key components. In addition, you may log onto MassHousing’s web site www.Masshousing

If you have further questions and our office is unable to answer those questions to your satisfaction **we urge that you seek legal counsel.**

The Deed Rider is a critical legal document explaining your responsibility regarding re-sale, re-finance and household improvements.

INFORMATION AND APPLICATIONS ARE AVAILABLE ON THE FOLLOWING WEBSITES:

- MassAccess Accessible/Affordable Housing Registry www.massaccesshousingregistry.org
- Mass Affordable Housing Alliance – www.massaffordablehomes.org
- Delphic Associates www.DelphicAssociates.com

If an applicant is unable to download an application from any of the above web sites, an application may be emailed upon request by calling Delphic Associates at 508 994-4100

***Delphic Associates LLC
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RE: Dunia Gardens***

The Monitoring Agent will be reviewing income and asset information for final eligibility approval.