

Information and Application for Wenham Buy-Down Program Lottery Wenham, MA

This packet contains specific information for the lottery for affordable units in Wenham, MA through the *Wenham Buy-Down Program*, including eligibility requirements, the selection process, a lottery application, and a commonly asked questions and answers.

The Wenham Municipal Affordable Housing Trust (Trust) is creating a Ready-Buyer List through this lottery to offer qualified and prospective buyers the opportunity to purchase affordable homes offered under the Wenham Buy-Down Program.

The Trust is currently offering two homes through the Buy-Down Program. Additionally, the lists created in this lottery will also be used for affordable units available through the Buy-Down Program in the future.

The key milestones for this housing opportunity:

- Application Period opens June 16, 2010
- Open Houses Tuesday, August 10, 2010 4:30pm-6:30pm (105 Pleasant Street & 11 Friend Court #2)
- Information Session Tuesday, August 10, 2010, 7:00pm(Town Hall, 138 Main Street, Wenham MA)
- Application Deadline Thursday, September 16, 2010, 3:30pm
- Lottery October 18 2010, 7:00pm at the Wenham Town Hall

This application is a first step in the lottery process and does not assure you a home. Applicants must secure approval for a mortgage loan and submit evidence of such approval together with the application.

Only one application per household will be accepted, there is no need to submit multiple applications.

Please contact the Wenham Municipal Affordable Housing Trust lottery agent for any questions.

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Project description

The Trust established the Wenham Buy-Down Program to offer units for sale to low-income households (at or below 80% area median income). To do this, the Trust purchases residential units in the Town of Wenham, makes any necessary health and safety improvements, and offers the units for sale as "Local Action Units" under the Massachusetts Department of Housing and Community Development Local Initiative Program (LIP).

The initial subject properties that the Trust is offering for sale through the Wenham Buy-Down Program are as follows:

- a three-bedroom single-family house at 105 Pleasant Street
- a two-bedroom condominium unit in a two-family house at 11 Friend Court #2

The Trust plans to continue purchasing residential units in Wenham to offer as homeownership units to low-income households through this program. **The "Ready-Buyer List" that will be created through this application and lottery process will qualify buyers for these initial properties as well as any additional properties that the Wenham Trust offers in the future.** This will be the first lottery for the Wenham Buy-Down Program.

The initial purchase prices are established so that a household is not required to spend more than 30% of 75% of the Boston Area Median Income (AMI) monthly for housing costs. Using current parameters, the 2BR condominium unit will be sold for

\$165,500 to an eligible applicant household selected by lottery, and the 3BR single family house will be sold for \$197,900. In addition to mortgage principal, interest and PMI payments, homeowners should expect to pay monthly housing expenses of property taxes, condominium fees, if applicable, and homeowner association fees, if applicable. The sales price for other units offered through this program in the future will also be set in accordance with State guidelines. Wenham's current residential property tax rate is \$15.56 per one thousand dollars of value. Summary of sales price for the program's initial two units:

Unit#	BR	Type	Sq Ft	Income Limit	Condo Fee	Sales Price
1	3	Single Family	1260	80%	na	\$197,900
2	2	Condominium	1080	80%	\$125	\$165,500

The single-family house offered at 105 Pleasant Street, located near Pleasant Pond, has two floors of living area in approximately 1,260 square feet. The upper level has a living room with a wood stove, a kitchen with new appliances and granite counters, a bathroom, dining alcove, and two bedrooms. The lower level has a family room, one bedroom, and a laundry room with a washer and dryer. The home is heated with oil through a forced hot water system. It is being sold with the 8,200 square-foot parcel in a 'fee simple' transaction.

The condominium unit at 11 Friend Court #2 is a duplex with a spacious backyard and has one floor of living area on the second level in addition to an additional finished storage room on the third level. The living area is approximately 1,080 square feet. The main level of the unit (on the second level of the house) has a dining room, living room, kitchen with updated appliances including a washer and dryer, two bedrooms, a den, and a hall with a bay window. The third level, accessed through common area, includes a finished storage room and large closet. The unit is heated with oil. The duplex is situated on a lot of approximately 47,500 square feet.

The **Wenham Buy-Down Program** is a new program offered by the Trust to preserve current housing stock while creating affordable units. This program offers single-family detached homes and condominium units at affordable prices, preserving them for first time homebuyers. The houses are subject to an affordable housing restriction, and the Trust subsidizes the difference between the market price and the affordable price. Units offered through the Wenham Buy-Down Program will be offered to the ranked "Ready-Buyer List" created from this lottery.

Preserving homes in Wenham, by creating affordable homes, has multiple benefits including creating new affordable units while preserving existing housing stock, and neighborhood character. It provides the quickest method of creating available affordable housing, while conserving materials.

The Trust continually searches for appropriate homes for this program. These are well-maintained homes being sold on the open market. When a suitable property is found, the Trust purchases the property at a market purchase price, makes any needed health and safety improvements to the property, and offers the property for sale to an income-eligible first time homebuyer on the "Ready-Buyer List."

The affordable units are offered alternately as local, general, local in a pattern of three, as established in the start of the Program in this lottery. This lottery starts with the first two units. The condominium at 11 Friend Ct #2 will be offered as a Local Unit.

The Wenham Trust also recognizes that these are older homes, and initial repairs may be needed prior to closing. It is not the intention of the Program to burden the potential buyer with excessive maintenance costs; and the Trust completes required home repairs based on inspection results from licensed local home inspectors. The inspection results are available for the potential purchaser to review.

Lottery description:

1. Applications will be available on-line at www.wenhamma.gov and in hardcopy at the Wenham Town Hall (138 Main Street) and the Hamilton-Wenham Public Library (14 Union Street, S. Hamilton). Hardcopies can also be sent to anyone interested in the lottery. Notice of the lottery will be advertised, and communicated widely through local, regional, and state channels.
2. Applications received at Wenham Town Hall will be checked for completion of all required components. An application will be considered complete when all required items on the checklist have been provided.

3. The applicant's household size will be determined from the application, and used for bedroom size preference. Within each applicant pool first preference shall be given to households requiring the total number of bedrooms in the unit 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.
 - School-aged children of the opposite sex are not expected to share a bedroom.
 - Other household members may share but shall not be required to share a bedroom.
4. The applicant's income will be verified and compared to the income and asset limits. The applicant household is required to be at or less than the 80% of Boston Area Median Income (AMI) as published by HUD. This includes all income prior to any deductions from all adult household members. Income and assets are determined using the method as in the HUD Section 8 program, defined at 24 CFR 5.609. Household income limits are:
 - Household of 1 - \$ 45,100, Household of 2 - \$ 51,550, Household of 3 - \$ 58,000
 - Household of 4 - \$ 64,400, Household of 5 - \$ 69,600, Household of 6 - \$74,750
5. Household assets shall not exceed \$75,000 in net cash value. Assets include but are not limited to all cash, cash in savings accounts, checking accounts, certificates of deposit, bonds, stocks, retirement accounts, value of real estate holdings and other capital investments. Include the value of the asset, with a deduction for the reasonable cost of selling the asset. The value of necessary personal property (furniture, vehicles) is excluded from asset values.
6. Eligible applicants must be First Time Homebuyers, defined as one who has not owned a home within three years preceding the application, with the exception of displaced homemaker, single parents and senior households (where at least one household member is 55 or over).

A displaced homemaker is an individual who is an adult, who has owned a home only with a spouse, who is legally separated from a spouse, and who does not currently own the home previously owned with a spouse.

Single parents, are individuals who 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);

Additional exceptions are made for households that owned a principal residence not permanently affixed to a permanent foundation, and households that owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
7. Persons who have not submitted all the necessary information by the deadline will waive their rights to proceed. No faxed applications will be accepted. Late applications or documents (mailed and/or received after the deadline) and applications that are incomplete will not be accepted.
8. All applicants will be screened for eligibility. Applicants who have been deemed ineligible will be notified in writing of the decision.
9. Applicants that qualify for a local preference will be placed in the local pool. Applicants will be entered into all the pools for which they qualify; and a local resident will be included in both general and local pools. Local resident includes:
 - 1) Current Wenham residents
 - 2) Families with children enrolled in the Hamilton-Wenham Regional School system
 - 3) Employees of the Town of Wenham and the Hamilton-Wenham-Regional School system
 - 4) Employees of the Wenham Housing Authority
 - 5) Employees of a business located in Wenham
10. Once the Town has verified the information contained in the application and confirmed eligibility, a lottery number or numbers and lottery form will be issued, and the applicant will move forward to the lottery. There will be two lottery pools created for these opportunities, one Local pool and one General Pool.
11. The local pool will be adjusted with increased opportunities for minorities if the representation of the local pools is less than 20.7%. This is done by selecting as many minority applicants from the general pool as needed to augment the local pool. These additional lottery applicants will be added by lottery, if necessary, to the local pools.
12. A final lottery eligibility letter will be mailed to each applicant indicating the following information:

- You have been deemed (eligible/ineligible) based upon the information provided.
 - You will have been found to (qualify/not qualify) for a local preference.
 - You (have/have not) been provided additional opportunities based upon your minority status.
 - Enclosed are your lottery numbers and tickets associated with the preferences claimed. You must contact the lottery agent in writing if you disagree with the preferences you have qualified for. Failure to contact the lottery agent in writing will result in the waiving of your rights for further review.
 - Eligible applicants will be told the date, time and place of the lottery.
13. The lottery numbers will be pulled by an independent third party and witnessed by the Town in a public setting. Eligible applicants are encouraged, but not required, to attend. Lottery numbers will be assigned a number in the sequence in which they are drawn and recorded in the order of selection on the Lottery Drawing Lists. The list of numbers drawn will be posted and letters will be mailed within three business days to the winners.
 14. The top ranked local household from the Local Drawing List which requires a 2BR unit will be offered the opportunity to purchase the condominium at 11 Friend Court. #2. This unit will be available for immediate closing.
 15. The top ranked general household from the General Drawing List which requires at least a 3BR unit will be offered the opportunity to purchase the single-family home at 105 Pleasant Street. The unit will be available for immediate closing.
 16. The lottery agent shall maintain the all Lottery Drawing Lists. In the event that any of the applicants are unable to obtain financing, withdraw for any other reason, or do not comply with guidelines, the next qualified applicant will be offered that particular unit. In the event that any applicant is unable to obtain a mortgage commitment and sign a purchase and sale agreement within forty-five days after the lottery the unit will be offered to the next eligible applicant on the waiting list.
 17. The winners will sign a reservation form and provide a \$1,000 deposit in the form of a certified or bank check within a mutually agreed upon timeframe. This is applied to the overall purchase amount.
 18. For the Wenham Buy-Down Program, DHCD, as the Monitoring Agent, has specific closing and financing requirements. DHCD current mortgage requirements include:
 - The loan must have a fixed interest rate through the full term of the mortgage, at most 30-years.
 - The loan must have a current fair market interest rate, no more than 2 percentage points above the current MassHousing rate.
 - The loan can have no more than 2 points.
 - The buyer must provide a down payment of at least 3%; half of that must come from the buyer's own funds.
 - The buyer may not pay more than 38% of their monthly income for housing costs.
 - Non-household members shall not be permitted as co-signers of the mortgage.
 19. All lottery winners must attend and obtain a completion certificate from an accepted First Time Homebuyer Class prior to closing.
 20. The Fair Housing Act prohibits discrimination in housing because of Race or color, National origin, Religion, Sex, Familial status (including children under the age of 18 living with parents or legal custodians; pregnant women and people securing custody of children under 18). An applicant who believes that they have been discriminated against in the buyer selection and sales process may contact: the Massachusetts Commission Against Discrimination (617) 994-6000; and/or the United States Department of Housing and Urban Development (617) 994-8300.

AFFORDABLE HOUSING APPLICATION

Must Be Completed and Returned to the Town Clerk's Office, Wenham Town Hall, 138 Main Street, Wenham, MA
by **Thursday September 16 2010 3:30pm**

Applicant Legal Name _____ Phone Number _____ E-mail _____

Address _____ City _____ State/Zip _____

Co-Applicant Legal Name _____ Phone Number _____ E-mail _____

Address _____ City _____ State/Zip _____

I learned of this lottery from (check all that applies):

Website: _____ Letter: _____

Advertisement: _____ Other: _____

THIS APPLICATION IS NOT COMPLETE IF NOT SUBMITTED WITH:

- _____ Completed application signed by all individuals over the age of 18
- _____ Copy of 2007, 2008 and 2009 Federal and State tax returns, as filed, with the most recent year's 1099's, W-2's and schedules, for every current or future person living in the household over the age of 18.
- _____ Copy of three consecutive months pay stubs, for salaried employed household members over 18, longer for seasonal and hourly workers.
- _____ Current statements and documents that indicate the payment amounts from all other sources of income of all members listed on the application, such as alimony, child support, Social Security benefits, pensions, unemployment compensation, workman's compensation, disability and any other form of income.
- _____ Current statements of all assets, on financial institution letterhead, showing current value including all bank accounts, investment accounts, cash life insurance policies, retirement accounts. Include copy of last three months of each asset statement.
- _____ Mortgage pre-approval and proof of adequate assets to cover down payment and closing costs.
- _____ Documentation regarding eligibility of local preference, if applicable.
- _____ Documentation regarding current interest in real estate, if applicable.
- _____ Self declaration regarding eligibility of minority preference, if applicable.
- _____ No Income Statement, signed and notarized, for any household member over 18 with no source of income, if applicable, containing the language "Under penalties of Perjury."
- _____ No Child Support Statement, signed and notarized, if applicable, containing the language "Under penalties of Perjury."

Household Information - List all members of your household including yourself

Number of Bedrooms Needed: _____

Names of all Persons to Reside in Dwelling (First Name, Middle Initial, Last Name)		Relation to Head	Age	Date of Birth	Social Security Number	Minority Category * (Optional)
HEAD						
2						
3						
4						
5						
6						

*Minority preference categories include only Native American or Alaskan Native, Black or African American, Asian, Native Hawaiian or Pacific Islander; or other (non-White); and the ethnic classification Hispanic or Latino. Requires a separate self-declaration document.

Local Preference – Check all that apply, and attach documentation showing this preference:

- 1) current resident, address: _____
- 2) family of children currently enrolled in the Hamilton-Wenham Regional School system, school/grade: _____
- 3) employee of the Town of Wenham, title: _____
- 4) employee of the Hamilton-Wenham Regional School system, title: _____
- 5) employee of the Wenham Housing Authority, title: _____
- 6) employee of a business located in Wenham, name of business: _____

Property - Do you own or have an interest in any real estate, land and/or mobile home? Yes () No ()

Address: _____ Current Value: _____

Have you sold real estate or other property in the past three years? Yes () No () If yes, attach settlement statement

When: _____ Address: _____ Sales Price: _____

Income - List all income of all members over the age of 18 listed on application to reside in the unit, such as wages, child support, Social Security benefits, all types of pensions, employment, Unemployment Compensation, Workman's Compensation, alimony, disability or death benefits and any other form of income; including rental income from property. Adults with no income are required to submit a notarized statement. If additional space is needed, please attach another sheet.

#	Source of Income	Address/Phone# of Source	Amount per Year
1			
2			
3			
4			
5			
6			
TOTAL			

Assets - List all checking, savings accounts, CD's, stocks, bonds, retirement accounts, savings bonds and any other investments below. If additional space is needed, please attach another sheet. Household assets do not include necessary personal property.

#	Type of Asset	Account No	Value, Balance
1	Checking account		
2	Savings account		
3	Retirement account		
4	Other: _____		
5	Other: _____		
6	Other: _____		
TOTAL			

APPLICANT(S) CERTIFICATION

I/We certify that our household size is _____ persons, as documented herein.

I/We certify that our total household income equals \$_____, as documented herein.

I/We certify that our household has assets totaling \$_____, as documented herein.

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 false or incomplete information may result in disqualification from further consideration.

I/We certify that I am/we are lawfully present in the United States, and we, or our family, are not related to any member of the Wenham Municipal Affordable Housing Trust, the Lottery Agent, the Monitoring Agent or any party of this project.

I/we understand that it is my/our obligation to secure the necessary mortgage for the purchase of the home and all expenses, including closing costs and down payments, are my/our responsibility.

I/We understand that if I/we do not obtain a mortgage commitment and sign a purchase and sale agreement within forty-five days after the lottery the unit will be offered to the next eligible applicant on the waiting list.

I/We understand the provisions regarding resale restrictions and agree to the restriction. The unit can't be refinanced without prior approval of DHCD, no capital improvements can be made without DHCD pre-approval, the unit must be owner's primary residence; the resale price is calculated according to the deed rider; and an increase in equity is very minimal to ensure affordability over time; the deed rider remains in effect in perpetuity. All prospective buyers are advised to review the deed rider with their own attorney to fully understand its provisions.

I/We have been advised that a copy of the LIP Universal Deed Rider is available with the Lottery Agent and on the DHCD website.

I/We understand that if I/we are selected to purchase a home, I/we must continue to meet all eligibility requirements of the Town of Wenham and any participating lender(s) until the completion of such purchase. I/We understand that I/we must be qualified and eligible under any and all applicable laws, regulations, guidelines, and any other rules and requirements.

Your signature(s) below gives consent to the Town of Wenham or its designee to verify information provided in this application. The applicant agrees to provide additional information on request to verify the accuracy of all statements in this application. No application will be considered complete unless signed and dated by the Applicant/Co-Applicant.

Applicant Signature

Date

Co-Applicant Signature

Date

THIS IS APPLICATION IS ONLY FOR THIS SPECIFIC PROGRAM.