

40 COTTAGE STREET

FIRST-TIME HOMEBUYER INFORMATION PACKET

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Información en español disponible

- ✓ **3 bedroom single family affordable home for sale**
- ✓ **Renovations will be conducted prior to purchase, and are included in price!**
- ✓ **Price is \$190,000 for eligible homebuyers**
- ✓ **Located on Cottage Street, near downtown Chelsea, Boston, and public transportation**
- ✓ **Information available at www.chelseaND.org**



**** Pictures taken before scheduled Property Improvements ****



Introduction to 40 Cottage Street

FLOORPLAN and PROPERTY IMPROVEMENT PLAN ATTACHED

<u>Facts</u>	<u>Features</u>	<u>Renovation will Include</u>
✓ 3 bedrooms; 1.5 Baths	✓ Hardwood Floors	✓ Refinish floors
✓ 1,471 SF	✓ Wood trim & moldings	✓ New kitchen counters, cabinets, and appliances
✓ Two Levels of Living Space	✓ French doors	✓ Patch and paint all walls
✓ Full Basement & Garage	✓ Lots of light	✓ Heating system upgrade
✓ Private Courtyard		

40 Cottage is a single family home in the North Bellingham Hill neighborhood of Chelsea. 40 Cottage will be renovated and sold as affordable by Chelsea Neighborhood Developers (CND). CND is an experienced developer committed to community development. Renovations will be good quality, and will bring the building up to code, improve habitability and safety, and provide other basic improvements as described in the attached rehabilitation plan.

Chelsea: Chelsea is a vibrant waterfront community just across the Chelsea and Mystic Rivers from downtown Boston. Chelsea’s rich history, its proximity to downtown and regional amenities, and its relative affordability, have made this culturally diverse, cosmopolitan community increasingly attractive to a growing population of individuals, young professionals, families, and artists alike, providing an excellent value this close to Boston.

North Bellingham Hill Neighborhood: The North Bellingham Hill neighborhood is well-situated to take advantage of the best of what Chelsea and Boston have to offer. Many amenities are within easy walking distance, including downtown Chelsea, the Public Library, City Hall, the YMCA, Bunker Hill Community College, the Chelsea waterfront, the commuter rail, and five bus routes. Logan Airport, the Tobin Bridge, Route 1, Route 99, and I-93 are just minutes away. North Bellingham Hill is also convenient to many entertainment and employment centers in downtown Boston such as Government Center, the North End, TD Bank North Garden, the waterfront, Newbury Street, and Copley and Kenmore Squares. Cambridge, Charlestown, and Somerville are also just minutes away.

PURCHASE INFORMATION

40 Cottage will be sold to eligible first-time homebuyers with incomes at or below 80% of the area median income (see income limits below). See the section entitled **Selection and Purchase Process FAQ** for a definition of first-time homebuyer.

Household Size	Household Income Limit**
1 person	\$45,100
2 person	\$51,550
3 person	\$58,000
4 person	\$64,400
5 person	\$69,600
6 person	\$74,750

*Based on 80% Area Median Income HUD 2010 Boston PMSA.

As a condition of the financing, units must remain affordable in perpetuity to eligible qualified households as described above. As a result of this legal requirement, income and asset restrictions will apply to the buyers of the affordable units, and homebuyers may anticipate reselling their units for the original purchase price plus inflation and the cost of certain improvements to their unit. Any appreciation in the value of the home will be limited by this factor.

The Deed Rider, which legally binds the buyer to this requirement is available upon request and will be forwarded to all successful applicants prior to purchase.



Buyer Selection Summary

Households must meet the following requirements:

- Household may not have owned a home within 3 years preceding the application, with certain exceptions as described below under “Who is a first-time homebuyer? FAQ.
- Strict income and asset limitations must be met, as defined in the FAQ.
- Completed application with all signed attachments. Each section requesting information must contain the information requested or the words “Not Applicable”. Incomplete, illegible, partial or mutilated applications will be returned.
- Mortgage pre-approval letter from a Fannie Mae-approved lender. The mortgage product must be a fixed-rate conforming mortgage with a term of at least 30 years. Interest rate must be not more than 2 percentage points above the current MassHousing interest rate (www.masshousing.com). 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. Evidence of availability of funds as required for down payment and closing costs to cover remaining purchase requirements must be provided. Down payment must be at least 3% of the purchase price, at least half of which must come from the buyer’s funds.

Note: There may be some financial assistance available for certain applicants, based on program eligibility. Applicants with excellent credit and lower income levels are encouraged to apply. Funding programs include Massachusetts Housing Partnership Fund Soft Second Loan Program (“Soft Second”), MassHousing Loan Program and Federal Tax Credit Loan, and North Suburban Consortium Down Payment Assistance Program (through Chelsea Restoration Corporation). Information on these programs is available from lenders and on-line.

- Non-household members are not permitted as co-signers of the mortgage.
- Individuals or families of individuals who have a financial interest in the development are not eligible to participate in the homebuyer selection process.

Return completed application in person to Chelsea Neighborhood Developers or by mail to:

Chelsea Neighborhood Developers
Attn: Teri Bernert
4 Gerrish Avenue
Chelsea, Massachusetts 02150

Upon receipt of a completed and signed application including signed attachments, the application will be reviewed to determine whether the household meets the eligibility criteria. Eligible applicants will be notified as to whether they are eligible. Further documentation may be required.

Applications will be processed in accordance with the Buyer Selection procedures (p.6)



Selection and Purchase Process FAQ

Q: Who is eligible to apply through the 40 Cottage homebuyer selection process?

A: An eligible purchaser is a first-time homebuyer household whose annual income does not exceed 80% of the area median income adjusted for household size as determined by the U.S. Department of Housing and Urban Development (HUD), and whose household liquid assets do not exceed the gross household liquid asset limitation of \$75,000. A “household” shall mean two or more persons who will live regularly in the unit as their primary residence and who are related by blood, marriage, or law or who have otherwise evidenced a stable inter-dependent relationship, or an individual.

Q: Who is a “first-time homebuyer”?

A: A first-time homebuyer household is defined as a household whose members have not owned a home during the prior 3-year period. There are five exceptions:

- 1) 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;
- 2) 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);
- 3) Households where at least one household member is 55 or over;
- 4) Households that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; and
- 5) 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.

Applicants who owned a home under the above exceptions must sell their current property in order to purchase a unit in the development. The sale of the previous property may be planned as part of the purchase of 40 Cottage.

Q: What are the maximum income eligibility requirements?

A: To be eligible to apply to purchase 40 Cottage, household annual income must be at or below 80% of area median income as published by the federal department of Housing and Urban Development (HUD).

Household Income Limits by size are:

<u>1 Person</u>	<u>2 People</u>	<u>3 People</u>	<u>4 People</u>	<u>5 People</u>	<u>6 People</u>
\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750

*Based on 80% Area Median Income HUD 2010 Boston PMSA.

Households must meet certain maximum income limits in order to be eligible to purchase 40 Cottage. Gross Annual Household Income will be determined in a manner set forth in 24 CFR 5.609 or any successor regulations.

Annual income is income anticipated to be received in the coming 12-month period from all sources, including all wages and salaries prior to deductions, overtime pay, commissions, tips, fees and bonuses, and other compensation for personal services, net business income, interest/dividend income, social security, supplemental security income, pension payments, disability income, unemployment compensation, alimony/child support, and veterans' benefits, for all adult household members over the age of 18, unless the member is a full-time student. For such students, the first \$480 of the student's income must be counted in the household's income. The entire income for full-time students who are the head of household or spouse must be counted in annual income.

Annual income includes the actual income generated by liquid assets, that is, cash or assets that can be converted easily to cash, including checking, saving, money market, individual retirement and pension fund accounts. Imputed income is calculated by multiplying the total amount of unrestricted assets over \$5,000 by 1.0%. The greater of this amount or actual earned interest income is included in gross income.

The marketing agent will review bonus pay, overtime pay or other periodic compensation on a case-by-case basis. If the compensation is not a regular occurrence or is not expected to continue, it may be excluded from the determination of income.

Q: What are the asset limitations to be eligible to participate in the homebuyer selection?

A: The total gross household asset limitation is \$75,000. Assets include all cash, cash in savings accounts, checking accounts, certificates of deposit, bonds, stocks and the value of real estate holdings as outlined above, including other forms of capital investment. Income from restricted accounts, such as IRA's, 401K's, SEP's or pension funds will be included in gross income. The applicant must remain under the asset limitation throughout the entire homebuyer selection process including the mortgage commitment and conveyance and will be required to provide evidence of such at various stages. See the detailed definition of assets attached below.

Q: What are the financing requirements for eligibility for the homebuyer selection process?

A: Applicants are required to submit a valid (within the previous 90 days) pre-approval letter with the application for an amount sufficient to purchase the unit. The letter must be from a Fannie Mae-approved lender and must include property address, purchase price and maximum mortgage amount. The mortgage product must be a fixed rate conforming mortgage with a term of at least 30 years. Interest rate must be not more than 2 percentage points above the current MassHousing interest rate (www.masshousing.com). 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.

Evidence of availability of funds as required for down payment and closing costs to cover remaining purchase requirements must be provided. Down payment must be at least 3% of the purchase price, at least half of which must come from the buyer's funds. There may be some financial assistance available for certain applicants, based on program eligibility. Applicants with excellent credit and lower income levels are encouraged to apply. Funding programs include Massachusetts Housing Partnership Fund Soft Second Loan Program ("Soft Second"), MassHousing Loan Program and Federal Tax Credit Loan, and North Suburban Consortium Down Payment Assistance Program (through Chelsea Restoration Corporation). Information on these programs is available from lenders and on-line.

The monitoring agent reserves the right to approve end loan financing. Lender review of the Deed Rider, which limits the resale value of the home (see below), for acceptability is suggested.

Q: Are there any restrictions on resale price of the units?

A: Yes. There is a Deed Rider that is used to keep the units affordable to eligible homebuyers with incomes at or below 80% of area median income in perpetuity. As a result of this legal requirement, homebuyers may anticipate reselling their units for the original purchase price adjusted by the area inflation index and the cost of qualified additions and alterations to the premises. Therefore, any equity appreciation to be gained from the sale of the units will be limited by this factor.

Staff at the North Suburban Consortium (NSC) and the Massachusetts Department of Housing and Community Development (DHCD) will be available to help future sellers comply with these requirements when they sell their units. Other conditions regarding unit pricing, resale, transfer, leasing and junior encumbrances are covered in the provisions of the Deed Rider.

Copies of the Deed Rider and Homebuyer Disclosure Statement describing the deed restrictions are available from the marketing agent and will also be provided to all successful applicants.

Q: How will applicants for 40 Cottage be selected?**A: Initial Buyer Selection Lottery**

Applications will be accepted starting July 9, 2010. COMPLETE applications received before July 30, 2010, at 4 PM will be considered for inclusion in the initial Buyer Selection Lottery. Ineligible applicants may be excluded from the Buyer Selection Lottery, however inclusion in the Lottery is not a guarantee that an applicant is eligible to purchase.

Complete applications eligible for inclusion in the initial Buyer Selection Lottery will be reviewed for household size and composition. Preference 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 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.*
- 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 agent receives reliable medical documentation as to such impact of sharing.*

Disabled households will not be excluded from a preference for a larger unit based on household size if such larger unit is needed as a reasonable accommodation.

Second preference shall be given to households requiring the number of bedrooms in the unit minus one, based on the above criteria. Third preference shall be given to households requiring the number of bedrooms in the unit minus, two, based on the above criteria, and so on. There is no minimum household size.

A "household" shall mean two or more persons who will live regularly in the unit as their principal residence and who are related by blood, marriage, law or who have otherwise evidenced a stable inter-dependent relationship, or an individual.

Household size shall not exceed State Sanitary Code requirements for occupancy of a unit (See 105 CMR 400), or applicable local bylaws, and may not violate state and federal civil rights laws. Fair Housing exceptions may apply.

All applicants will be notified of the status of their application and whether they are eligible for inclusion in the lottery. Applicants eligible for inclusion will also receive confirmation of their household size preference category, and will receive a registration number and other information

about the lottery. Applicants will have the opportunity to contact CND prior to the lottery if they believe the Household Size information is incorrect. Applicants are not required to attend the lottery, but are welcome to do so.

The lottery will be held in a public place. At the lottery, a pool will be created for each household size preference category (i.e. first preference, second preference, etc.). Ballots with each applicant household's registration number will be placed in the appropriate pool. The ballots will be randomly drawn, and listed in the order drawn, by pool. Once all ballots have been drawn from the "first preference" pool, ballots will then be drawn from the "second preference" pool, and so on, until all ballots from every pool have been drawn.

The lottery administrator will retain the ranked list of applicants in the order in which they were drawn. All applicants included in the lottery will receive a confirmation letter after the drawing to confirm their rank on the applicant list.

B. Rolling Applications

After July 30, 2010 (the lottery cut-off date), additional applications will be accepted on a first come first serve basis. Applications will be stamped with the date and time that they are received. Applications will be reviewed for completeness; applicants who have submitted complete applications will be added to the Applicant List in the order in which their application was received, after any and all applicants who were drawn in the Initial Buyer Selection Lottery.

If two or more complete applications are received within one business day, defined as CND's hours of operation (typically Monday-Friday 9:00 AM – 5:00 PM, except holidays), preference will be given to households of appropriate size. If the applications received within one business day are from households that would receive the same preference for household size, those applicants will be entered into a lottery and drawn randomly to determine their relative rank on the Applicant List.

C. Determination of Eligibility of Applicants on the Applicant List

Applicants will be considered according to their rank on the applicant list. The first few applicants on the list will have their applications reviewed for eligibility.

Following eligibility assessment, financial and other programmatic requirements will be verified by Massachusetts Department of Housing and Community Development (DHCD) and other subsidizing agencies to determine whether the households qualify. These agencies reserve the right to request additional information at any point in the qualification process.

If, at any point in the homebuyer selection process a selected applicant becomes ineligible, the next eligible applicant will be notified.

Q: If selected in the process, what is the next step?

A: After receiving notification that they have been selected to purchase the unit, the applicant will sign the purchase and sales agreement and must then obtain a final mortgage commitment from a lender.

Prior to purchasing the unit, the selected applicant must submit a homebuyer education workshop certificate that has been obtained within the previous two years. Homebuyer education workshops are typically offered in a 10-hour curriculum by a number of non-profit agencies located throughout the state. The workshop helps to familiarize first-time homebuyers with the home purchase process.

See [www.chapa.org] or call 617-635-HOME for a list of certified Boston-based homebuyer education providers and workshop dates.

The selected applicant will have four (4) weeks from the date the Purchase and Sale Agreement is signed to obtain a financing commitment. This period may be subject to reasonable extensions,

determined by the agent, if the applicant has demonstrated to the agent's satisfaction that a diligent effort is being made and that there continues to be a likelihood of ultimate approval.

If a selected household is unable to obtain financing approval within the period after signing the purchase and sales agreement, eligibility for purchase will pass on to the next eligible applicant. The oversight agencies described above reserve the right to approve the financing package chosen by the homebuyer.

Q: How much money is needed to buy the home?

A: In most cases, down payment and closing costs will be needed to purchase the home. The down payment must be at least 3% of the purchase price, at least half of which must come from the buyer's funds. Pre-approval by a lender will include approval of the applicant's ability to pay the down payment and closing costs. Upon signing the Purchase and Sales Agreement, the selected applicant will be required to pay a portion of the down payment. At the closing, the applicant will be required to pay the balance of the down payment as well as closing costs.

Q: Can non-household members be permitted as co-signers of the mortgage, and must information on all household members be submitted?

A: No, non-household members may not be permitted as co-signers of the mortgage. Information on all household members must be submitted, whether or not the individual expects to be listed on the mortgage. The procedures used during this process for income determination require assessment of the entire household.

For additional information, contact:

Chelsea Neighborhood Developers
Attn: Teri Bernert
4 Gerrish Avenue
Chelsea, Massachusetts 02150
(617) 889-1375, ext. 23



For more information, and translation assistance, call (617) 889-1375 or email info@chelseaND.org