

Town of Belmont Homebuyer Assistance Program Guidelines 2015

The Town of Belmont Homebuyer Assistance Program (HAP) creates permanently affordable homeownership opportunities by providing assistance to buyers of condominiums, townhouses, and single family homes in Belmont. The Program is being administered by a non-profit community organization, Metro West Collaborative Development, Inc., on behalf of the Town.

Buyers purchasing homes with this assistance will be required to attach a permanent deed restriction to the home insuring long-term affordability. The deed restriction to be used is the Massachusetts Universal Deed Rider and is available at the Department of Housing and Community Development website at:

<http://www.mass.gov/hed/docs/dhcd/hd/lip/lipdeedrider.pdf>.

To further the Town of Belmont's commitment to nondiscrimination and equal opportunity, the Town will not discriminate on the basis of race, color, national origin, religion, or sex. The Town and its representatives will follow all procedures outlined in DHCD Chapter 40B Guidelines. A complete Affirmative Fair Housing Marketing Plan and Buyer Selection Plan is available here: <http://metrowestcd.org/housing-services/information-for-home-buyers-owners/>

Who is Eligible to Apply?

Income Eligibility

The following gross income limits are the maximum incomes allowable for participation in the program and are based on 80% of Area Median Income. All income earned by household members over age 18 must be declared for the purposes of determining if the household is income-eligible for assistance. The U.S. Department of Housing and Urban Development Part 5 definition for annual (gross) income will be used in determining income.

Household Size	1 Person	2 Persons	3 Persons	4 Persons	5 persons	6 persons
Income limit	\$48,800	\$55,800	\$62,750	\$69,700	\$75,300	\$80,900

Assets

An eligible household shall not have total gross assets exceeding \$75,000 in value and may not own a home, including in a Trust. The total value of all of the assets of the borrower and all other members of the borrower's household over the age of eighteen (18) will be

considered in determining income eligibility. Assets include cash, checking or savings accounts, stocks, bonds, and CDs. Retirement accounts, pension funds, IRAs and 401Ks are considered assets. Borrowers will be expected to utilize their available assets towards the purchase of the home while retaining some assets for reserves.

First-Time Homebuyer

The borrower must be a first-time homebuyer; i.e., no adult member of the borrower's household may have had any ownership interest in a principal residence at any time during the period of thirty-six (36) calendar months prior to the application. Exceptions may apply in the following instances:

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 and does not currently own the home previously owned with his/her spouse;
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 one or more children of whom the individual has custody or joint custody or is pregnant);
3. Senior households – where at least one household member is 55 or over.
4. Other exceptions regarding mobile homes or unsafe structures may apply under DHCD guidelines.

First-time Homebuyer Course Certificate

Borrowers will be required to complete homebuyer's training prior to closing on the property. Only borrowers who receive a Massachusetts Homeownership Collaborative-approved certificate of completion are eligible to proceed to purchase.

First Mortgage Eligibility

Borrower must have sufficient current income to buy the unit given the income and credit requirements, and qualifying ratio of mortgage lenders. A household's monthly housing expense (principal, interest, taxes, insurance, private mortgage insurance and condominium fee) shall, in general, not exceed 38% of its gross monthly income. Borrower must verify access to sufficient cash as may be required for the downpayment and closing costs.

In addition, the following restrictions apply:

- 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 average 30-year fixed rate, obtainable by visiting <http://www.freddie.com/pmms/>).
- The buyer must provide a down payment (after the buy-down) of at least 3%, half of which must come from the buyer's own funds.
- The buyer may not be obligated to pay more than 2 origination points.
- The borrower may not pay more than 38% of their monthly income for the mortgage.

Borrowers are encouraged to consider or pursue other mortgage funding sources, such as ONE Mortgage, to supplement their mortgage application available from private financial institutions for first-time homebuyers.

Permanent Deed Restriction

By accepting this assistance, the buyer must agree to enter into a deed restriction that permanently restricts the sale of the home to low- and moderate-income home buyers. This limits the equity you will be able to obtain from the property when you choose to sell. The Mass. Department of Housing and Community Development will establish the sales price for all future sales. A sample of the deed restriction can be found at:

<http://www.mass.gov/hed/docs/dhcd/hd/lip/lipdeedrider.pdf>.

You should read the entire document and review it with an attorney prior to making an offer on a home through this program. Some key restrictions are these:

- The home will need to be your primary residence.
- In most cases you will not be able to leave your affordable unit to an heir.
- You will not be able to rent, refinance or make capital improvements to your home without approval from the Town and the Massachusetts Dept. of Housing and Community Development.
- You must notify the Town of Belmont and DHCD when you want to sell your home so they can find an eligible buyer for it.

Please see attached Homebuyer Disclosure form for full details of these requirements.

Annual Monitoring

The Town of Belmont will require submission of documents, once a year, to ensure that the above restrictions are being met.

Who has Preference?

A “household” shall mean one 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 Eligibility

Within an applicant pool, **first preference** shall be given to households requiring the total number of bedrooms in the unit based on the following Department of Housing and Community Development criteria:

- a. There is at least one occupant per bedroom and no more occupants per bedroom than comply with state and local sanitary codes.
- b. A married couple, 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 (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 if the person provides reliable medical documentation as to such impact of sharing.
- d. A household may count an unborn child as a household member. To do so, the household must submit proof of pregnancy with the application.
- e. If the applicant is in the process of a divorce or separation, the applicant must provide proof that the divorce or separation has begun or has been finalized, as set forth in the application.

Within an applicant pool, **second preference** shall be given to households requiring the number of bedrooms in a 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.

Local Preference

The Town of Belmont defines Local Preference as:

- 1) Current residents
- 2) Municipal employees
- 3) Employees of local businesses
- 4) Households with children attending the locality's schools

In order to be considered for the Local Preference Pool, applicants must provide at least one of the following current documents:

- Driver's license listing local address
- Paystub listing Town of Belmont as employer
- Paystub listing local company or organization as employer
- Public school enrollment confirmation.

Applicants who meet the definition of "local preference applicants" will be entered into the lottery's local preference pool. If the Local Preference pool has fewer than 27% minority applicants, minority applicants from the Open pool will also be placed into the Local Preference pool (via a pre-lottery), until it reaches 27%. The minority percentage will be updated over time as demographic information changes (i.e., release of new Census data).

The Lottery will therefore have four pools, and applicants can be in all of the pools for which they are eligible:

Local Preference Pool 1 Bedroom:

To qualify for this pool, at least one member of the eligible applicant's household must demonstrate that (s)he meets the Town's definition of local preference.

Local Preference Pool 2 or More Bedrooms:

To qualify for this pool, at least one member of the eligible applicant's household must demonstrate that (s)he meets the Town's definition of local preference. The applicant must be a household that requires two (2) or more bedrooms.

General Selection Pool 1 Bedroom:

All eligible households.

General Selection Pool 2 or More Bedroom:

All eligible households that require two (2) or more bedrooms.

What Homes are Eligible?

The property can be a condominium, town house, single family, or two-family home. It can be a 1 BR or 2+ BR unit. It cannot exceed the following sales prices:

One Bedroom Maximum Sales Price - \$289,300

Two Bedroom Maximum Sales Price - \$341,000

Three Bedroom Maximum Sales Price - \$362,600

The unit must be approved by the Dept. of Housing and Community Development, and this maximum price might vary depending on condominium fees and interests rates at the time of purchase. the amount of condo fees may reduce substantially the maximum purchase price allowed.”

The property must pass a “Housing Quality Standards” inspection, to be performed by a private consultant under contract to the Belmont Housing Trust. Violations identified within the inspection may be remedied by the parties; however, a second HQS inspection will be required and all violations must be cleared before Town funds can be committed to the purchase.

Is this a Grant or a Loan?

The assistance will be provided in the form of a grant, in exchange for a permanent deed restriction on the home, which will forever limit the re-sale price of the home. Maximum grant amounts are:

1-bedroom units - \$115,000

2 or more bedroom units - \$145,000

The Program expects to assist: **Two** 1-bedroom purchasers and **one** 2+-bedroom purchaser.

What is the Process?

1) Applications

- All potential applicants will be given an application form that identifies their household size, income, assets, and downpayment available.
- Applicants will self-identify the lottery pools for which they believe they are eligible. Metro West CD will verify the appropriateness of the pools selected.
- All parties who submit a complete application and appear to be eligible shall be entered into the Applicant Pool.

- Those submitting applications that are not complete will be notified promptly, and they will not be entered into the Applicant Pool until the application is complete and it has been received by the deadline.
- Applicants who do not appear to meet the eligibility guidelines will be notified and given seven days to rectify their applications. Their applications will remain in the Applicant Pool until the seven days expire or the review is complete, whichever is less.
- Applicants have the right to request a reasonable accommodation(s), which may include a change to a policy, procedure, or practice to afford a person with a disability an equal opportunity to participate fully in the program.
- Applications are due June 15, 2015

2) The Lottery

- All eligible applicants will be placed in one or more pools.
- All eligible applicants will be assigned a Lottery Number that is unique to them and that will be their number for each pool they are eligible to participate in.
- Metro West CD will then conduct a lottery, on June 23, 2015.
- All Lottery Numbers for the Local Preference Pools will be pulled at random, and the order in which they are pulled will establish the Local Preference Lottery Waiting Lists (1 Bedroom and 2+ Bedroom).
- All Lottery Numbers for the General Preference Pool will be pulled at random, and the order in which they are pulled will establish the General Preference Pool Lottery Waiting Lists (1 Bedroom and 2+ Bedroom). **Note** that there will only be a 2+ Bedroom available to the General Preference Pool if the Local Preference Pool fails to result in a home purchase.

3) Reservation of Funds

The top three lottery finishers (two from the Local Preference Pools and one from the 1 Bedroom General Preference Pool), will be sent “Letters of Reservation,” which confirm the setting aside of funds for these households. The households will have six months to meet multiple conditions in order to obtain a Grant Commitment from the Town of Belmont. More information on these multiple conditions is available in the Program Guidelines. If the conditions are not met, then the next household on the respective Lottery Wait List will be sent a “Letter of Reservation” and will be given six months to meet the same conditions. This will be repeated until all loan funds are committed and expended.

4) Removal from the Applicant Pool or Lottery List

Households who do not respond to phone, mail, or e-mail inquiries or who do not respond to a request for additional information within the time frame provided shall be removed from the Applicant Pool or Lottery Wait List.

5) Right to an Appeal of Ineligibility Determination

An applicant has the right to appeal the decisions of Metro West CD within 7 (seven) business days from the date of the written notification. An applicant may in person, or in writing, or via a designee, appear before the Appeals Committee, chaired by a member of

the Board of Directors of Metro West CD who is not involved in the day-to-day operation of the Belmont program. At least one member of the Appeals Committee will be a neutral party. At the hearing, the applicant or his/her designee may present supporting information relevant to the reason for rejection. A final decision will be rendered by the Appeals Committee, in writing, within five business days from the date of the hearing. An applicant concerned with discrimination against him/her may also contact the Mass Commission Against Discrimination at 617-727-3990 or the US Department of Housing and Urban Development at 617-994-8300.

*NOTE: Disabled persons are entitled to request a reasonable accommodation(s) of rules, policies, practices, or services as may be necessary to afford the disabled person equal opportunity to the use and enjoyment of this program.

For More Information or an Application call:

Jennifer Van Campen • Tel: 617-923-3505 x4 • Email: jvc@metrowestcd.org

Or visit www.metrowestcd.org

This is an Equal Housing Opportunity.

