

**LEVERETT AFFORDABLE HOUSING TRUST
 HOMEOWNERSHIP ASSISTANCE
 (“BUY DOWN”) PROGRAM
 December 30, 2014**

With Income Guidelines Updated as of March 23, 2015

The Program will assist applicants to purchase homes in the Town of Leverett by subsidizing the purchase with Leverett Community Preservation Act (CPA) funds. The Leverett Affordable Housing Trust has executed a contract with the Franklin County Regional Housing & Redevelopment Authority (HRA) whereby HRA will administer the program on the Town’s behalf.

Program Guidelines:

Subsidy: The program will provide a subsidy of up to 20% of the lesser of the purchase price **or** the appraised value of a home in Leverett where the purchase price or appraisal does not exceed \$250,000. Preference will be given to applicants who live or work in the Town of Leverett, or the parent/child of a current Leverett resident.

Down payment: Homebuyers must make a down payment of 3% of the net purchase price (net purchase price is the purchase price minus the value of the subsidy). At least 50% of the down payment must come from the buyer’s own funds.

Deed Restriction: Long term affordability will be ensured in perpetuity by an affordable housing restriction that will be recorded on the property, and that imposes restrictions and limits on the future sale or transfer of the property as specified in the *Town of Leverett Declaration of Affordable Housing Covenants*.

Timeline: Once an applicant is selected and notified that Program funds have been reserved for his/her use, the applicant will have 180 days from date of notification to find and close on a home.

Eligibility for Program: Applicants to the program must meet the following eligibility requirements:

1. Income Limits: Applicants must have incomes at or below 100% of the HUD Area Median Income (adjusted by family size) for Franklin County at time of application and upon closing on a home. The program will require third party documentation of income.

Household Size	100% HUD Area Median Income for Franklin County (March 2015)
1	\$52,010.00
2	\$59,440.00
3	\$66,870.00
4	\$74,300.00
5	\$80,244.00
6	\$86,188.00
7	\$92,132.00
8	\$98,076.00

2. Asset Limits: Applicants' assets may not exceed \$75,000. The program will require third party documentation of assets.
3. First Time Homebuyer Class: All applicants must have completed a MA Certified First Time Homebuyer Class. Applicants will be required to produce a certificate of completion issued within the past two years.
4. Primary Residence: Applicants must reside in the home to be purchased as their primary residence. Annual recertification of primary residence (self- declaration) will be conducted to document compliance with this requirement.
5. Housing Quality Standards (HQS): Homes must meet the U.S. Department of Housing and Urban Development's (HUD) Housing Quality Standards or the buyer must have an approved plan, including financing, to bring the home into compliance with HQS *before* move-in. All homes to be occupied by families with children under the age of six at time of purchase must have a Letter of Lead Compliance.
6. Financing: Applicants must be pre-approved for a conventional 30-year fixed rate mortgage. Co-signers, variable rate mortgages, balloon payments, or origination points will not be permitted.
7. Post-Purchase Class: All applicants must agree to enroll in and complete a Post-Purchase Homeowner class within one year of closing.

Fair Housing Marketing and Buyer Selection: In order to comply with fair housing requirements, a lottery will be conducted to select eligible applicants for the program. Outreach to applicants will be conducted by HRA using the following methods:

- Posting on Town of Leverett website
- Distributing flyers to:
 - Leverett municipal departments and school department
 - Leverett Employers
 - First Time Homebuyers Program participants from all four counties in western Massachusetts
- Providing information to social and human service agencies, including but not limited to: Community Action, Center for New Americans, Head Start and New Parents programs, Casa Latina, the Literacy Program, faith and interfaith organizations serving Leverett area, and local housing authorities in Franklin and Hampshire counties
- Providing information to real estate brokers and buyer's agents in Franklin and Hampshire counties

Lottery: A lottery will be conducted by HRA on behalf of the Town of Leverett on DATE TO BE ESTABLISHED. Applicants do not have to identify the specific home they wish to buy in order to apply. In order to participate in the lottery, applicants must submit by DATE [30 days before the date of the lottery] the following information and documentation:

1. Application
2. Income documentation
3. Asset documentation
4. First Time Homebuyer Class Certificate of Completion (issued within the past two years)

5. Documentation of 50% of the estimated down payment in a bank account in the applicant's name at the time application. (down payment is calculated at 3% of the amount the applicant is eligible to borrow as evidenced by the mortgage pre-approval letter)
6. Pre-approval for eligible mortgage product issued within sixty days of the date of application.
7. To be eligible for local preference, documentation that the applicant works or lives in Leverett; or is the child/parent of a current Leverett resident.



SAMPLE COST CALCULATION

I can afford a mortgage of \$180,000.

I found a house for \$225,000.

The Leverett subsidy will be 20% of this price or \$45,000.

This makes the net purchase price \$180,000.

PROGRAM STEPS

1. Apply – qualify for lottery. Start looking for houses.
2. Lottery! If I won #1 position –
3. Meet with HRA to review next steps
4. Found a house! Purchase and sale contingent upon:
 - mortgage final approval
 - house passes Housing Quality Standards
 - Title 5 (septic)
5. Close on house!