

First-Time Homebuyer Program Program Guidelines

South Shore HOME Consortium

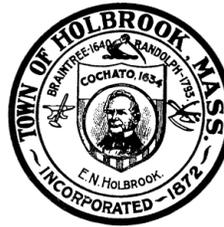
City of
Quincy



Town of
Braintree



Town of
Weymouth



Town of
Holbrook

In Partnership with NeighborWorks Southern Massachusetts

Questions about the Program should be directed to Elvira Caldeira, Home Ownership Director,
NeighborWorks Southern Mass, at: 617-770-2227 ext. 34 or e.caldeira@nwsoma.org



PROGRAM SUMMARY

The South Shore HOME Consortium (Consortium) First-Time Homebuyer Program (Program) provides downpayment assistance to eligible first-time homebuyers who are purchasing a home in the Consortium communities of Braintree, Holbrook, Quincy, and Weymouth in an effort to support successful, sustainable homeownership. The assistance can be used towards downpayments and eligible closing costs on a condominium, townhome, or single-family home. The assistance is in the form of a deferred payment loan that is due upon the sale or transfer of the home, refinancing of the home (unless the loan can be subordinated in accordance the Consortium’s Subordination Policy), or in the event that you fail to occupy the property as your primary residence.

The maximum amount of assistance available to first-time homebuyers varies depending upon the Consortium community where the home is purchased. Please see the table below for a summary of the maximum amount of assistance available in each community.

Community	Maximum Amount of Downpayment Assistance Available
Braintree	Lesser of 6% of purchase price or \$20,000
Holbrook	Lesser of 6% of purchase price or \$17,500
Quincy	Lesser of 9% of purchase price or \$20,000
Weymouth	Lesser of 9% of purchase price or \$20,000

The amount of assistance available to each household will be determined after the application is submitted and you have a property under agreement. The amount of assistance will be determined on an individual basis in accordance with the Consortium’s underwriting criteria and subject to funding availability.

HOW DO I QUALIFY FOR THE PROGRAM?

To be eligible for the Program, you must occupy the home purchased through the Program as your primary residence, be a first-time homebuyer, meet the minimum downpayment requirement, meet the Program’s income limits and asset limits, complete a first-time homebuyer workshop, have a property under agreement to purchase that is within the Program’s purchase price limits, and obtain first-mortgage financing for the purchase that meets the Consortium’s underwriting criteria.

You do not need to be a current resident of a Consortium community, but the home purchased through the Program must be located in one of the four Consortium Communities.

Primary Residence Requirement

You must occupy the property purchased with assistance through the Program as your primary residence for a minimum of five or ten years (length of principal residency requirement will vary based on the amount of assistance) from the date of purchase.

First Time Homebuyer

In order to be eligible for the Program, members of the household must be a First-Time Homebuyer. A First-Time homebuyer is one that has not owned a home in the past three years, with the exception of:

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);

Minimum Downpayment Requirement

Program participant must meet the minimum downpayment requirement in the community where they are purchasing a home. Participants purchasing a home in Braintree, Hollbrook, or Quincy must have at 3% of the purchase price as a downpayment. Participants purchasing a home in Weymouth must at least 1.5% of the purchase price as a downpayment.

Income Limits

In order to be eligible for the Program a household’s income must be within the 80% area median income (AMI) limit applicable to the Consortium communities, with necessary adjustments for household size.

HH Size	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
80% AMI Income Limit	\$54,750	\$62,550	\$70,350	\$78,150	\$84,450	\$90,700	\$96,950	\$103,200

Income limits subject to annual change as determined by the U.S. Dept.of Housing and Urban Development

In determining household income, income from all household members who are 18 years of age or older will be included in the income eligibility determination. Please see “Attachment A: Determining Income Eligibility” for a detailed list income sources that are included or excluded from the income calculation.

Asset Limits

In order to be eligible for the Program, a household’s liquid assets cannot exceed \$75,000. The table below details those assets that count towards the \$75,000 asset limit and those assets that are excluded from the \$75,000 asset limit. For example, assets held in a checking or savings count are included in the asset limit calculation, whereas assets held in employer sponsored retirement plans, such as a 401(k) account, are not included in the asset limit calculation.

Assets Included in \$75,000 Asset Limit	Assets Excluded from \$75,000 Asset Limit
Cash savings not deposited with a financial institution;	Retirement accounts such as 401(K), 403(b), 457, and IRA and SEP IRA
Deposits held in checking, savings, money market, and brokerage accounts	529 College Savings Plan, Health Savings Accounts, and Flexible Spending Accounts
Cash value of stocks, bonds, mutual funds, ETFs, index funds, certificates of deposits, treasury bills, and all other forms of capital investment.	Term life insurance policies (where there is no cash value)
Money received as a gift, including gifts of equity in real property resulting from a non-arm’s length transaction	Assets that are part of an active business
Roth IRAs	Interests in Indian Trust Land
Cash value of life insurance policies available to applicant household members (e.g. whole life or other insurance product with cash value)	Personal property (clothing, furniture, automobile, wedding ring, jewelry that is not held as an investment)
Personal property held as an investment, such as gold, jewelry, coin collections, antique cars, etc.	
Gifts of property equity through non-arm’s length transaction, as determined by the difference between the subject property sales price and a third-party, independent appraisal;	

First Time Homebuyer Education

Applicants to the Program must complete a pre- purchase homebuyer education workshop prior to submitting their application. The workshop must be provided by a counseling agency approved by the United States Department of Housing and Urban Development (HUD). HUD approved counseling agencies in Massachusetts can be accessed at the following website:

<https://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

For a schedule of first-time homebuyer workshops offered across the state of Massachusetts, please visit the homeownership page on the Citizens Housing and Planning Association website:

<https://www.chapa.org/housing-courses/homebuyer-education-agencies>

Unit Eligibility

Properties purchased through the Program are limited to condominiums, townhomes, and single-family residences. In order to be eligible for the Program, the property must pass a Housing Quality Standards (HQS) inspection completed by the Consortium and must be free of lead based paint hazards.

Homes purchased with assistance through the Program must be within the meet the following price limits:

	New Construction	Existing Unit
Single-Family	\$361,000	\$361,000
Condominium or Townhome	\$361,000	\$361,000

*Price limits subject to annual change as determined by the U.S. Dept.of Housing and Urban Development

Mortgage Financing and Underwriting

Program participants must obtain primary mortgage financing for the purchase of the home. The first mortgage on the property must be a fixed interest rate, fully amortizing loan. Residents of Massachusetts have a number of first-time homebuyer mortgage products available to them through state programs sponsored by the Massachusetts Housing Partnership (MHP) and the Massachusetts Housing Finance Agency (MassHousing).

The MHP’s One Mortgage Program provides low interest loans with a downpayment of 3% of the purchase price and no mortgage insurance. For additional information about the One Mortgage, visit the One Mortgage program website:

<https://www.mhp.net/one-mortgage/why-one>

MassHousing also offers a number of mortgage products for first-time homebuyers. For additional information about MassHousing’s programs, visit the MassHousing website:

https://www.masshousing.com/portal/server.pt/community/home_buyers/225/loans_for_home_buyers

The housing-to-income ratio for Program participants should not exceed 33% of a household’s gross monthly income and the debt-to-income ratio should not exceed 45% of gross monthly income. The downpayment assistance is intended to help participants meet these qualifying ratio requirements.

TYPE OF ASSISTANCE, AFFORDABILITY PERIOD, AND RECAPTURE

Type and Amount of Assistance

The assistance offered through the Program is in the form of a deferred payment loan that is due and payable upon the sale or transfer of the home, refinancing of the home, or in the event that the participant fails to occupy the property as their principal residence during the Affordability Period. The loan will be secured by a subordinate mortgage held by the City of Quincy on behalf of the Consortium.

The Minimum amount of assistance available through the Program is \$1,000. The maximum amount of assistance varies by Consortium community and is detailed in the table below.

Community	Maximum Amount of Downpayment Assistance Available
Braintree	Lesser of 6% of purchase price or \$20,000
Holbrook	Lesser of 6% of purchase price or \$17,500
Quincy	Lesser of 9% of purchase price or \$20,000
Weymouth	Lesser of 9% of purchase price or \$20,000

The amount of assistance available to each Participant will be determined on a case-by-case basis, but will not exceed each Member Community’s Per Unit Maximum. The amount of assistance received will be prorated based on an estimate of a household’s liquid assets (liquid assets are those assets included in the asset limit determination detailed in Section IV) after the property is acquired to meet the Consortium’s underwriting criteria.

Affordability Period

Program participants are required to occupy the property as their principal residence for the duration of the Affordability Period. The Affordability Period will be 5 or 10 years depending upon the amount of downpayment assistance provided to the program participant, as detailed in the table below.

Downpayment Assistance	Affordability Period
Less than \$15,000	Five (5) Years
\$15,000 - \$20,000	Ten (10) Years

If a program participant does not occupy the property as their primary residence for the duration of the Affordability Period, they will be required to repay the assistance to the Consortium. The principal residence requirement will be enforced through a mortgage on the property.

Recapture Policy

The South Shore HOME Consortium’s recapture provision requires program participants to repay the full amount of the downpayment assistance loan when they sell, transfer, or refinance their home (mortgage subordinations will be allowed provided that refinancing is consistent with Consortium’s Subordination Policy). However, in no event shall the Consortium recapture more than is available from the net proceeds of a sale. The net sale proceeds are defined as the sales price of the home minus superior loan repayments and closing costs.

APPLICATION PROCESS

Applications for the Program are accepted on first-come, first-serve basis; funding is subject to eligibility determinations and funding availability. Households that are beginning the homebuying process can submit a **Pre-Approval Application** to the Program in order to obtain a preliminary eligibility determination and a pre-approval letter for the Program. Households who have a property under agreement will submit the **Program Application** and all supporting documentation in order to begin the approval process and to obtain funds from the Program. Applicants should submit a final application and all the required supporting documentation no less than 4 weeks from the scheduled date of their closing.

How Do I Apply?

The Consortium partners with NeighborWorks Southern Massachusetts to administer the Program. NeighborWorks is responsible for working with Program applicants, processing Pre-Approval Applications and Final Program Applications, and coordinating the loan closing process.

The first step in applying to the Program is to contact NeighborWorks or the Town/City Hall in the community where you live or the community where you want to buy a home.

NeighborWorks Southern MA: 617-770-2227 ext. 34

Town of Braintree: 781-794-8234

Town of Holbrook: 781-767-0618

City of Quincy: 617-376-1417

Town of Weymouth call: 781-682-3639

NeighborWorks will work with you to complete the Pre-Approval process (for those in the early stage of the home buying process) or the Final Approval process (for those who have a property under agreement and are working towards a closing date).

Please contact NeighborWorks Homeownership Director, Elvira Caldeira, with any questions about the application process at 617-770-2227 ext. 34 or e.caldeira@nwsoma.org.

APPLICATION AND REQUIRED DOCUMENTATION

To apply to the program, all applicants must submit the South Shore HOME Consortium First-Time Homebuyer Application to NeighborWorks of Southern, Massachusetts. Applications must include all of the required supporting documentation that is detailed below. Applicants who fail to provide **all of the required documentation** will not be reviewed for eligibility for the Program. Please note, you do not need to provide documentation that is not applicable to your household. For example, a household that does not have a household member who is self-employed, does not need to provide documentation of self-employment income.

1. Complete application signed by all household members 18 years of age or older;
2. Last two months of pay stubs for all wage earners who are hourly/salaried employees. If a household is paid weekly, this will total 8-9 pay stubs. If a household is paid bi-weekly, this will total 4-5 pay stubs, etc. Additional pay stubs should be requested if it is determined necessary to obtain an accurate projection of income for the next 12-months. Commissions, bonuses, over time pay, and tips will be included in the calculation of income.

3. Current documentation of self-employment and business income (a minimum of three months profit and loss statement, most recent quarterly tax filings);
4. Current documentation for all social security income, annuities, retirement pensions, disability or death benefits, and other similar types of periodic payments received by any household members 18 years of age or older;
5. Current documentation for all payments received in lieu of earnings, including unemployment compensation, disability compensation, and worker's compensation received by any household member 18 years of age or older;
6. Current documentation for periodic payments received for alimony or child support;
7. Current documentation of all regular and recurring gifts or payments received by household members 18 years of age or older;
8. Copy of federal tax returns for three most recently filed years, as filed, with W-2s, 1099 and all schedules for every current or future person living in the household over the age of 18;
9. For all checking accounts, monthly statements for the six most recent months;
10. For all other assets, your three most recent statements; if a quarterly statement is provided, only the most recent statement is required.
11. Authorization for Release of Information
12. No Income Certification signed by any household member over 18 with no source of income, if applicable
13. No Child Support Certification, if applicable
14. Copy of Certificate of Completion for First-Time Homebuyer Workshop
15. The Applicant will be required to provide additional documentation, as required, not listed herein.

Complete applications, with required supporting documentation, should be sent to:

NeighborWorks Southern MA
Attention: Home Ownership Director
422 Washington Street
Quincy, MA 02169

Questions about the application of the application process should be directed to: Elvira Caldeira at 617-770-2227 ext. 34 or e.caldeira@nwsoma.org.

ATTACHMENT A: DETERMINING INCOME-ELIGIBILITY

In order to be eligible for Program assistance, beneficiaries must meet income limits established by HUD (Under the Program, annual income is defined in 24 CFR 5.609 which is used by a variety of federally-assisted programs. The Part 5 definition of annual income is the gross amount of income of all adult household members (over 18) that is anticipated to be received during the coming 12-month period. The table below details what is included and what is excluded in determining a household's income.

Calculating annual income: Inclusions and exclusions

Sources of income 24 CFR 5.609 (b)	Sources of income that are <i>included</i> in calculating household income
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services. Overtime earnings must be based upon the average of the year to date and projected over the next 12 months.
2. Business income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income
3. Interest and dividend income	Interest, dividends, and other net income of any kind from real or personal property. If assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a % of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement and insurance income	The full amount of periodic amounts received from SS, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount .
5. Unemployment and disability income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare assistance	If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income.
7. Alimony, child, gift support,	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces	All regular pay, special day and allowances of a member of the Armed Forces.

Sources of income 24 CFR 5.609 (c)	Sources of income that are <i>excluded</i> from calculating household income (<i>Partial list. Other exclusions include reparations; income from full-time students; adoption assistance payments; deferred periodic social security and SSI benefits; property tax refunds; home care assistance and other federal exclusions.</i>)
Income of children	Income from employment of children (including foster children) under the age of 18 years.
Foster Care payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
Inheritance and insurance income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
Medical expense reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
Income live-in aides	Income of a live-in aide (as defined in 24 CFR 5.403).
Gifts	Temporary, nonrecurring, or sporadic income (including gifts).