

BEAUTIFUL, HARWICH NEW CONSTRUCTION, 3 Bdrm AFFORDABLE HOME - \$140,000



Harwich American Dream Program
First Time Home Buyers
Application

Completed applications must be returned to:
Harwich Housing Authority, P.O. Box 714, Harwichport, MA 02646



Equal Housing Opportunity

Harwich American Dream Program First Time Home Buyers Information for Homebuyers of LIP Affordable Homes

APPLICANT QUALIFICATIONS

- Household income cannot exceed the following allowable income limits:

Household size	1	2	3	4	5	6
Max. Allowable Income	\$43,800	\$50,050	\$56,300	\$62,550	\$67,600	\$72,600

- Must be a first-time homebuyer (not owned a home as a principal residence for three (3) years).
Exceptions:
 - A displaced homeowner: where the displaced homeowner (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;
 - Single parents, where the individual owned a home with her 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);
 - A household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations;
 - A household 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; and
 - An age-qualified household (in which at least one member is age 55 or over) which is selling a home in order to purchase a LIP unit.
- Household assets cannot exceed \$75,000. Retirement account will be counted. Refer to Appendix I: Income and Assets for complete details.
- Harwich Housing Authority does not discriminate based on race, color, national origin, religion, sex, familial status, and handicap (disability). Disabled persons are entitled to request a reasonable accommodation of rules, policies, practices, or services, or to request a reasonable modification of the housing, when such accommodations or modifications are necessary to afford the disabled person equal opportunity to use and enjoy the housing.



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HARWICH – LIP PROGRAM HIGHLIGHTS

- Homes must be owner-occupied and your principal residence. They cannot be rented or leased.
- Non-household members are not allowed to be co-signers on the mortgage.
- There are specific mortgage guidelines for this project. Please refer to the LIP PROGRAM STANDARDS FOR NEW MORTGAGE LOANS included in this packet.
- A Mortgage Pre-approval is required to participate in this lottery. The Mortgage Pre-approval must be through an institutional lender. An on-line pre-approval letter will not be accepted.
- Homes will be deed restricted in perpetuity as affordable. The deed restrictions are used to protect the affordability of the home. If you choose to sell your home, there is a limit on the resale price. The maximum resale price is determined using a Resale Price Multiplier, a figure calculated by taking the initial sales price and dividing it by the Area Median Income. For example, the sales price of these homes is \$155,000 and the current Area Median Income is \$73,500. The resale Multiplier would be $\$155,000/\$73,500 = 2.11$

Upon resale, the Resale Price Multiplier is multiplied by the updated Area Median Income number to determine the maximum resale price. For example, if the original buyer decides to sell the unit in 5 years and IF the then-current Area Median Income is \$79,000, the maximum resale price would be determined by multiplying $\$79,000 \times 2.11 = \$166,690$.

A copy of the deed rider is available by request or online at <http://www.mass.gov/Ehed/docs/dhcd/hd/lip/lipdeedrider.pdf>

- There are down payment and closing assistance programs available through Housing Assistance Corporation, 460 West Main St., Hyannis, MA (508) 771-5400.
- The minimum income required to purchase a home is based solely upon an applicant's ability to secure a mortgage. The following "Affordability Analysis" is based on current interest rates and anticipated real estate taxes, ALL ARE ESTIMATES AND MAY CHANGE:



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EXAMPLE AFFORDABILITY ANALYSIS

Home Price	\$155,000
Down Payment - 5%	\$7,750
Mortgage	\$147,250
Interest Rate	6.28%
Amortization (years)	30
Monthly P&I Payments	\$909.52
R. E. Tax Rate (per thousand)	\$5.65
Monthly Property Tax	\$73
Hazard Insurance (monthly)	\$116
PMI (monthly)	\$96
Monthly Housing Cost	\$1,194
<input type="text"/>	
Necessary Income	\$47,778

Local Preference Criteria:

You must meet at least one of the following to be eligible for Local Preference.

- Current Harwich resident
- Employed by the Town of Harwich or the Harwich Public Schools
- Employee working in the Town of Harwich

Proof of local preference will be verified if you have the opportunity to purchase.

Housing Preferences

In all cases, preference for the three bedroom unit will be given to households who require three bedrooms. Second preference is to households that require two bedrooms and third preference to households requiring one bedroom.

Unit preferences are based on the following:

- a. There is at least one occupant and no more than two occupants 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 (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 reliable medical documentation is provided substantiating the adverse impact.



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Required Financial Documentation

Provide **THREE** copies of all applicable information. Failure to provide complete information can delay the approval process and put your ability to buy an affordable unit in jeopardy. If you have any questions, please call Valerie Foster, 508-945-8932 ext.02.

1. 3 years of:
 - a. Federal Tax Returns – 2008, 2009 & 2010
 - b. W2 and 1099-R Forms – 2008, 2009, & 2010
2. Five (5) **consecutive** pay stubs ending within one month of lottery application for all jobs. Pay stubs must show deductions. For unemployment, disability compensation, worker's compensation, and/or severance pay, copies of checks or, in the case of unemployment, DOR verification stating benefits received.
3. Receipts showing full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, or other similar periodic benefits.
4. Court documents indicating the payment amount for **child support or alimony**.
5. If **self-employed**, provide an asset and balance sheet as well as three copies of business checking and savings accounts.
6. Verification of interest, dividend, and any other net income from real or personal property.
7. Asset Statement(s): provide **two** current statements of all that apply. **Refer to the enclosed Appendix I: Income and Assets for a complete list of applicable documents.**
 - a. Checking accounts – 3 months of statements
 - b. Savings accounts
 - c. Revocable trusts
 - d. Equity in rental property or other capital investments
 - e. Investment accounts including stocks, bonds, Treasury Bills, Certificates of Deposits, Mutual Funds and Money Market Accounts including Individual Retirement Accounts, 401K, Keough accounts and Retirement and Pension accounts.
 - f. Cash value of Whole Life or Universal Life Insurance Policy
 - g. Personal Property held as an investment
 - h. One-time receipts or lump-sum receipts
8. Proof of student status for dependent household members over age 18 and full-time students
9. If you plan to use a gift from a family member to assist with the down payment, please provide the name and address of the person providing the gift.
10. If you have sold a home due to a divorce, you must provide documentation of the home sale, i.e. HUD Settlement Statement.



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APPENDIX I: INCOME AND ASSETS

Annual Income

Annual gross income means all amounts, monetary or not, which go to, or on behalf of, the family head or spouse or to any other family member received from a source outside the family during the 12-month period following application.

Annual income includes, but is not limited to:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- 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. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family;
- The full amount of periodic amounts received from Social Security, 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;
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- 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;
- All regular pay, special pay and allowances of a member of the Armed Forces;
- Income derived from assets to which any member of the family has access.

Annual income does not include the following:

- Income from employment of children (including foster children) under the age of 18 years;
- 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);
- 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;
- Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- Income of a live-in aide, as defined in Sec. 5.403;
- The full amount of student financial assistance paid directly to the student or to the educational institution;

- The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- Temporary, nonrecurring or sporadic income (including gifts);
- Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;
- Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;
- Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply.

Assets

Net Family Assets include the following:

- Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets.
- Revocable trusts. Include the cash value of any revocable trust available to the applicant.
- Equity in rental property or other capital investments. Include the current fair market value less (a) any unpaid balance on any loans secured by the property and (b) reasonable costs that would be incurred in selling the asset (e.g., penalties, broker fees, etc.).
- Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts. The value of stocks and other assets vary from one day to another and should be determined within a reasonable time in advance of the applicant's submission of a lottery application.
 - Individual retirement, 401K, and Keogh accounts. These are included when the holder has access to the funds, even though a penalty may be assessed. If the applicant is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count withdrawals as income.)
 - Retirement and pension funds. *While the person is employed*, include only amounts the applicant can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs. *At retirement, termination of employment, or withdrawal*, periodic receipts from pension and retirement funds are counted as income. Lump-sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income, as provided below.
 - If benefits will be received in a lump sum, include the lump-sum receipt in net family assets.
 - If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.
 - If the applicant initially receives a lump-sum benefit followed by periodic payments, count the lump-sum benefit as an asset as provided in the example below and treat the periodic payment as

income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.

NOTE: This section assumes that the lump-sum receipt is a one-time receipt and that it does not represent delayed periodic payments. However, in situations in which a lump-sum payment does represent delayed periodic payments, then the amount would be considered as income and not an asset.

- Cash value of life insurance policies available to the applicant before death (e.g., the surrender value of a whole life policy or a universal life policy). It would not include a value for term insurance, which has no cash value to the applicant before death.
- Personal property held as an investment. Include gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.
- Lump-sum receipts or one-time receipts. These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.
- A mortgage or deed of trust held by an applicant.

Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset.

This combined figure needs to be separated into the principal and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)

To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification.

To count the imputed income for this asset, determine the asset value at the end of the 12-month period following the certification. Since this amount will continually be reduced by the principal portion paid during the previous year, the owner will have to determine this amount at each annual recertification.

Assets disposed of for less than fair market value Applicants must declare whether an asset has been disposed of for less than fair market value at each certification and recertification. Owners must count assets disposed of for less than fair market value during the two years preceding certification or recertification. The amount counted as an asset is the difference between the cash value and the amount actually received.

Net family assets DO NOT include the following:

- Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).
- Interests in Indian trust land.
- Term life insurance policies (i.e., where there is no cash value).
- Equity in the cooperative unit in which the applicant lives.
- Assets that are part of an active business. "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's main occupation.
- Assets that are NOT effectively owned by the applicant. Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not the applicant, and (b) that other person is responsible for income taxes incurred on income generated by the assets.
- Assets that are not accessible to the applicant and provide no income to the applicant. Nonrevocable trusts are not covered under this paragraph.

LIP PROGRAM STANDARDS FOR NEW MORTGAGES

New mortgage loans for LIP units must meet the following minimum standards:

- 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 MassHousing rate*)
- The loan can have no more than 2 points.
- The buyer must provide a down payment of at least 3% - half of which must come from the buyer's own funds.
- The buyer may not pay more than 38% of their monthly income for the mortgage.
- The Institutional Leader can obtain further information by contact the following:

MassHousing: (617) 854-1000 or www.masshousing.com



EQUAL HOUSING OPPORTUNITY

**HARWICH AMERICAN DREAM
FIRST TIME HOME BUYERS
APPLICATION**

**For Information: Contact Valerie Foster at:
harwichha@verizon.net or (508) 430-2390**

First-Time Homebuyer Application Checklist

- Signed application form (ALL adult household members are applicants)
- Documentation of your income sources and assets (see Required Financial Documentation sheet).
- Documentation of eligibility for local preference
- Mortgage pre-approval letter. The letter must be from an Institutional lender and conform to the "LIP Program Standards for New Mortgage Loans".
- Signed agreement on affordability and deed resale restrictions.
- Signed Application Certification and Consent for Release of Information for ALL adult household members.

Return completed application to:

**Harwich Housing Authority
ATTN: Valerie Foster
P.O. Box 714
Harwichport, MA 02646**

Completed applications with all attachments maybe received at anytime and a Ready to Buy number will be issued.

Harwich Housing Authority does not discriminate based on race, color, national origin, religion, sex, familial status, and handicap (disability). Disabled persons are entitled to request a reasonable accommodation of rules, policies, practices, or services, or to request a reasonable modification of the housing, when such accommodations or modifications are necessary to afford the disabled person equal opportunity to use and enjoy the housing.



READY TO BUY APPLICATION:

Applicant Name: _____

Address: _____

City/Town: _____ State: _____ Zip Code: _____

E-mail Address: _____

Telephone: (Day): _____ (Evening): _____

Employer's Name: _____ Town: _____

Co-Applicant Name: _____

Address: _____

City/Town: _____ State: _____ Zip Code: _____

E-mail Address: _____

Telephone: (Day): _____ (Evening): _____

Employer's Name: _____ Town: _____

List all household members including yourself:

Name	Date of Birth	Soc. Sec. #	Relationship to Applicant
1. _____			Self
2. _____			
3. _____			
4. _____			
5. _____			
6. _____			

Gross Annual HOUSEHOLD income: \$ _____ Down Payment Available: \$ _____

Are you a first-time homebuyer? YES NO

Someone who has not owned a home in 3 years, a person 55 and older, or a displaced homemaker.

Have you completed a certified homebuyer education course? YES NO

If so, please attach a copy of your completion certificate. See www.chapa.org for a list of courses.

ANNUAL HOUSEHOLD INCOME INFORMATION

Households must meet certain maximum income limits in order to be eligible to participate in the lottery for a home, as outlined in the Lottery Information Package. Gross annual income will be determined in a manner set forth in APPENDIX I: Income and Assets. Annual income is income 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. Income for full-time students who are the head of household or spouse must be counted in annual income.

Please attach all third party documentation for your sources of income (see Required Financial Documentation sheet for detailed information).

Annual Income (Applicant): Gross Income for the past 12 months: \$ _____

Employer Name: _____

Employer Address: _____

Phone: _____ Position: _____ Wage/Salary per Week: \$ _____

Additional Income from other source(s):

Source: _____ Income per month: \$ _____

Source: _____ Income per month: \$ _____

Annual Income (Co-Applicant): Gross Income for the past 12 months: \$ _____

Employer Name: _____

Employer Address: _____

Phone: _____ Position: _____ Wage/Salary per Week: \$ _____

Additional Income from other source(s):

Source: _____ Income per month: \$ _____

Source: _____ Income per month: \$ _____

Note: If any other adult household members have income, please attach a separate sheet of paper with their income information as described above. Third party documentation is required.

Household Asset Information:

Please complete the following asset information for all household members. Assets to be included include: cash, the net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings and checking accounts, stocks, bonds and other forms of capital investment, excluding equity accounts in homeownership programs or state-assisted public housing escrow accounts. Do not include the value of personal property such as furniture and automobiles. See APPENDIX I: Income and Assets for more details, and Required Financial Documentation for verification documentation needed.

Name on Account: _____

Bank Name and Address: _____

Savings Account Number: _____ Recent Balance: \$ _____

Checking Account Number : _____ Recent Balance: \$ _____

Other (e.g. Certificate of Deposit) Account Number: _____ Balance: \$ _____

Name on Account: _____

Bank Name and Address: _____

Savings Account Number: _____ Recent Balance: \$ _____

Checking Account Number : _____ Recent Balance: \$ _____

Other (e.g. Certificate of Deposit) Account Number: _____ Balance: \$ _____

Stocks and bonds, other liquid assets:

Description: _____ Value: \$ _____

Description: _____ Value: \$ _____

Description: _____ Value: \$ _____

Total Household Assets: \$ _____

Note: If any other household members have assets from additional sources, please attach a separate sheet of paper for each with their asset information as described above.

PREFERENCES

Please complete the following information and provide the necessary documentation, as requested

Local Preference Category Information:

Applicants are requested to provide information relative to the following for inclusion in the Local Preference pool.

- Current Harwich resident. Documentation must be provided, examples: a copy of a current utility bill, rent receipt, voter registration listing, etc.
- Current Municipal Employee. Documentation of pay stubs must be provided.
- Current Employee of a Harwich-based Company. Documentation of pay stubs must be provided.
- Family of Current Residents: Close relatives, children or parent, of current resident of Harwich. Documentation of relationship and residency required.

Affirmative Marketing:

Please complete the following section to assist us in fulfilling affirmative marketing requirements. **Responses will not affect your application.**

Household Race (Head of Household):

- Caucasian
- American Indian/ Alaskan Native
- African American
- Hispanic/Latino
- Asian/Pacific Islander



HARWICH AMERICAN DREAM

FIRST TIME HOME BUYERS APPLICATION

This form must be signed by all adult household members and returned with your application.

Affordability and Resale Restriction Certification:

I/We have read the summary of resale restrictions in the Information Package and agree to the restriction. I/We have been advised that a copy of the Deed Rider governing resale of the affordable homes is available at Harwich Housing Authority for my/our further review and that I/we may request a copy to be sent to me/us or my/our lender. I/We also understand that, when I/we are ready to purchase a unit, a full copy of the Deed Rider will be provided to me/us.

Applicant Signature

Date

Co- Applicant Signature

Date

Applicant Certification and Consent to Release Information:

PLEASE CHECK THE FOLLOWING ITEMS THAT APPLY TO YOU:

- 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 perjury will result in disqualification from further consideration in this program.
- I/We understand that the use of this application is for placement on a Ready to Buy List to purchase an affordable home in Harwich, and does not guarantee an offer.

Your signature(s) below gives consent to Harwich Housing Authority, to verify information provided in this application. No applications will be considered complete unless signed and dated by the Applicant and Co-Applicant (if any).

Applicant Signature

Date

Co- Applicant Signature

Date

