

Information Packet

163 Atlantic Road
Gloucester, MA

An Affordable Housing Lottery

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for the affordable homeownership unit being offered through this lottery for 163 Atlantic Road in the City of Gloucester.

171 Atlantic Road LLC and the City of Gloucester invite you to read this information packet and submit an application. This lottery is the first step in the application process and does not assure you a unit.

The affordable home should be ready for occupancy in the Fall of 2022 (see step-by-step process for scheduling).

**APPLICATIONS MUST BE DELIVERED OR POSTMARKED BY 2PM ON AUGUST 29, 2022.
Applications postmarked on this date must be received within 5 business days.**

Please see the cover page of the application for the location where the application can be mailed, emailed or faxed. This information is also on the signature page of the application.

For Affordable Unit Information call: (617) 782-6900 x2 (voicemail)

Or email: info@sebhousing.com

For TTY Dial 711

Free Translation Available. **Traducción gratuita disponible**

Information Packet created by:

SEB Housing, 257 Hillside Ave, Needham, MA 02494



Table of Contents

General Overview and Sales Prices.....	pg. 3
General Eligibility Requirements.....	pg. 4-7
<i>Maximum Income and Asset Limits.....</i>	<i>pg. 4-5</i>
<i>First Time Homebuyer.....</i>	<i>pg. 6</i>
<i>Exemptions & Separation/Divorce Q&A.....</i>	<i>pg. 7</i>
<i>Household Size and Composition.....</i>	<i>pg. 8-9</i>
Mortgage Pre-Approval Standards.....	pg. 10
Step-By-Step Process and Timeline.....	pg. 11
<i>Step 1a: Applying for the Program.....</i>	<i>pg. 12</i>
<i>Step 1b: The Lottery.....</i>	<i>pg. 13</i>
<i>Step 1c: The Waiting List.....</i>	<i>pg. 13</i>
<i>Step 1d: SEB and DHCD Review.....</i>	<i>pg. 14</i>
<i>Step 2a: Unit Selection and Reservation Agreement.....</i>	<i>pg. 15</i>
<i>Step 2b: Sign Purchase & Sale Agreement.....</i>	<i>pg. 16</i>
<i>Step 2c: Obtain Mortgage Commitment.....</i>	<i>pg. 16</i>
<i>Step 1e: Final Review of Eligibility.....</i>	<i>pg. 17</i>
<i>Step 2d: Closing and Move-In.....</i>	<i>pg. 17</i>
Deed Rider Summary/Property Restrictions.....	pg. 19

GENERAL OVERVIEW AND SALES PRICE

This is a lottery for one affordable 3BR townhome at 163 Atlantic Road, a new subdivision of 11 homes located steps from the ocean and just minutes from Good Harbor Beach and downtown Gloucester. The affordably priced home contains 2,555 square feet and 5 bathrooms (3 full, 2 half). The townhome is a three-story residence which includes a deck with ocean views, a patio overlooking conservation land, an electric fireplace, and a single car attached garage. The interior features a laundry hook-up, two-zone gas heating system with air conditioning, and a tankless water heater. The kitchen includes stainless steel appliances and designer countertops. The exterior of the home is cedar shingle with clapboard and the yard is professionally landscaped. The homeowner is responsible for taxes, insurance, and all home utilities and maintenance. A fee of \$365/month covers common area insurance, maintenance, landscaping, and snow removal. This home will be sold at an affordable price to households with incomes at or below 80% of the Area Median Income. The affordable unit information is as follows:

# of Affordable Units	Affordable Sales Price	Monthly Condo Fees*	Bedrooms	Bathrooms	Parking Spots	Square Footage <i>*(subject to change during construction)</i>	Allowable Income Limit
1	\$301,400	\$365 per month*	3	5 (3 Full, 2 Half)	2 (1 garage, 1 surface)	2,555 sq. ft.	80%

*Condo fee covers common area insurance, maintenance, landscaping, and snow removal.

All affordable unit will have a “Deed Rider” that will be filed with the deed at the time of purchase. This Deed Rider limits the amount that the unit can be resold for and requires the resale to another income-eligible buyer. The Deed Rider ensures that the unit stays affordable in perpetuity. We recommend that potential buyers review the Deed Rider with an attorney so as to fully understand its provisions. For more information on the Deed Rider and resale restrictions please see the Deed Rider Summary in the last section of this Information Packet.

Since there will likely be more interested and eligible applicants than available units, the Developer will be sponsoring an application process and lottery to rank the eligible applicants for the program. The application and lottery process, dates, and eligibility requirements can all be found within this Information Packet. 163 Atlantic Road does not discriminate in the selection of applicants on the basis of race, color, national origin, disability, age, ancestry, children, familial status, genetic information, marital status, public assistance reciprocity, religion, sex, sexual orientation, gender identity, veteran/military status, or any other basis prohibited by law. Persons with disabilities are entitled to request a reasonable accommodation in rules, policies, practices, or services, or to request a reasonable modification in the housing, when such accommodations or modifications may be necessary to afford persons with disabilities an equal opportunity to use and enjoy the housing. To request a reasonable accommodation, please email info@sebhousing.com or call 617-782-6900 x2 or postal mail SEB Housing, 257 Hillside Ave, Needham MA 02494.

GENERAL ELIGIBILITY REQUIREMENTS

Q: Who is eligible to apply for the affordable unit?

A: In order to qualify for an affordable unit, households must meet each of the following criteria:

- Everyone in the household must qualify as a “first time homebuyer”. Households who qualify for the homeowner exception (see below) must sell the home prior to closing on an affordable home at 163 Atlantic Road.
- The entire household’s income and assets must be below the maximum allowable income and asset limits (see below)
- Households must be pre-approved for a mortgage (see pg. 10)
- Households, or their families, cannot have a financial interest in the development and a household member cannot be considered a Related Party.

Maximum Income for Affordable Homes

To be eligible to apply for purchasing an affordable unit, the combined annual income for all income sources of all income-earning members in the household must be at or below eighty percent of Area Median Income for the local area (Boston-Cambridge-Quincy HMFA). The maximum incomes allowed for this program are:

Household Size	80% Affordable Units Maximum Income Limit
1	\$78,300
2	\$89,500
3	\$100,700
4	\$111,850
5	\$120,800
6	\$129,750

Approximate Minimum Income

While there is no specific minimum income, all households must qualify for a mortgage loan to purchase an affordable unit. The minimum income limits to qualify for a mortgage will be determined by a lender/bank. All applicants must receive mortgage pre-approval and submit it with their application to be considered eligible for this lottery. The mortgage requirements are listed on page 10 of this information packet.

For more information on mortgages, see pg. 10.

Q: How is a household's income determined?

A: A household's income is the total anticipated amount of money received by ALL members of the household over the next 12 months (starting from the date of application and projecting forward 12 months) based on their current income and assets. In an effort to provide as accurate an income estimation as possible, the Lottery Agent will also review historical income data to provide a basis for future income estimates. Any monies you anticipate receiving in the next 12 months will be counted as income and monies received over the previous 6 months will be analyzed to help estimate future income. This includes, but is not limited to, Social Security, alimony, child support, overtime pay, bonuses, unemployment, severance pay, part-time employment, matured bonds, monies to be received in court settlements, and actual or imputed interest and dividends on bank accounts and other assets. ALL SOURCES OF INCOME ARE COUNTED with the exception of income from employment for household members under the age of 18 and any income over \$480/year for full time students who are dependents (but note that all such income must still be documented even if it is exempt from the household income calculation).

It will be assumed that all applicants will continue to receive any monies they have received over the past 12 months unless supporting documentation proves otherwise. It is also not up to the household to determine what monies received over the past year should and should not be counted as their calculated income. Therefore, all monies should be listed on the application and the inclusion of these monies in determining a household's eligibility will be based on affordable housing guidelines. Households must submit their 3 most recent tax returns for proof that they have not owned a house within the past three years.

Asset Limits

All households shall not have total gross assets exceeding \$75,000 in value. Household Assets are calculated at the time of application. Any monies you would use as a future down payment on the home will still be counted as assets. Assets may include cash, cash in savings and checking accounts, net cash value of stocks, net cash value of retirement accounts (such as 401k), real property, bonds, and capital investments.

Q: I cannot withdraw money from my 401k or retirement fund, do I have to include it when I list my assets?

A: Yes. You need to include the *net cash value* of all your current retirement funds. We realize that most retirement funds assess large penalties for early withdrawal but this does not technically mean that you cannot withdraw your funds or don't have access to them. The post-penalty amount is what you need to provide along with supporting documentation.

Q: Are there eligibility exceptions for households that are barely over the income limit but considerably under the asset limit (or vice versa)?

A: No. All households must be under BOTH the income limit and the asset limit. Eligibility isn't based on only one or the other.

Q: Who is a “first-time home buyer”?

A: A person is a “first-time homebuyer” if no person in his or her household has, within the preceding three years, either owned the house they lived in or owned an interest in one or more other houses, such as through joint ownership. Exceptions may be made in the following instances:

1. A displaced homemaker: A displaced homemaker is an individual who is an adult who meets ALL the following criteria:
 - 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
 - Owned a home with his or her partner or resided in a home owned by the partner
 - Does not own the home previously owned with a partner
 - Is unmarried to or legally separated from the spouse
2. A single parent, 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 they have custody or joint custody, or is pregnant).
3. An age-qualified household (in which at least one member is age 55 or Over) which is selling a home in order to purchase an affordable unit.
4. 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.
5. A household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.

Age Qualified Households, Displaced Homemaker and Single Parent Exception:

Only households qualifying under the exceptions listed above may own a home when applying. This home must be sold before they purchase an affordable unit (see the “Unit Selection” step in the Step-by-Step process). The amount that the household will retain in equity from the sale of the house will be added to their asset total.

Q: If I qualify for the lottery as an age-qualified household or Displaced Homemaker or Single Parent, how much time will I be given to sell the home?

A: Before you are allowed to reserve a new affordable home, your current home must already be under a P&S Agreement. After the lottery, households will be able to estimate how much time they will have before they need to sell their home based on the lottery results and their position on the Waiting List (i.e. Households near the top of the list will need to find a buyer immediately, households lower on the list will have a few more weeks.) Please see the Step-By-Step Process for more details.

Q: If someone in my household is age 55 or over can I currently own a home?

A: Yes. However, you will not be given the opportunity to purchase an affordable home here until your current home is under a Purchase and Sale Agreement. For more information on how much time you will be given to sell your home see the Step-By-Step Process. For how much equity you are allowed to have in your current home, please see the Asset Limits in the following pages.

Q: Can I apply for this lottery as a displaced homemaker or single parent if I currently own a home?

A: Yes. However, you will not be given the opportunity to purchase an affordable home here until your current home is under a Purchase and Sale Agreement. For more information on how much time you will be given to sell your home see the Step-By-Step Process. For how much equity you are allowed to have in your current home, please see the Asset Limits in the following pages.

Q: Does my separation or divorce have to be finalized when I apply?

A: Your separation or divorce does not need to be finalized when you *apply for the lottery* but it must be finalized *before you reserve a home*. You will not be allowed to purchase an affordable home until your separation or divorce is complete because the terms specifying the allocation of assets and custody of children must be finalized so that your income and asset eligibility can be accurately reviewed. If you have only filed for separation when it comes time to purchase an affordable home and you haven't finalized your divorce, you will not be allowed to purchase a home at that time. Therefore, you may try to expedite all divorce/separation hearings as your divorce/separation will need to be finalized in the next few months.

HOUSEHOLD SIZE AND COMPOSITION

Q: How is appropriate household size determined?

A: According to the Massachusetts Department of Housing and Community Development guidelines:

Within an applicant pool first (priority) 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 and no more than two occupants per bedroom.
- 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 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 lottery agent receives reliable medical documentation as to such impact of sharing.

Household size shall not exceed state sanitary code requirements for occupancy of a unit.

The following household sizes and compositions demonstrate which household types will get priority for a 3BR home in the lottery.

TYPE III

(Priority for a 3BR Home)

- All 6 person households
- All 5 person households
- All 4 person households
- 3 person household: 1 head-of-household plus 2 members
- 3 person household: 2 heads-of-household under **criteria c.** described above plus 1 member

TYPE II

(May apply for a 3BR unit, but will receive 2nd priority for a 3BR unit)

- 3 person household: 2 heads-of-household plus one member
- 2 person household: 2 heads-of-household under **criteria c.** (described above)
- 2 person household: 1 head-of-household plus one member

TYPE I

(May apply 3BR unit, but will receive 3rd priority for a 3BR unit)

- 2 person household: 2 heads-of-household
- 1 person household

In “The Lottery” in the Step-By-Step Process, you will find a detailed explanation on how priority is given to certain household sizes and compositions.

Household Size and Composition Frequently Asked Questions

Q: Does the unborn child of a currently pregnant household member count towards our household size?

A: Yes. A household may count an unborn child as a household member. You will have to submit proof of pregnancy with all the income and asset documentation that needs to be submitted with your application.

Q: Can a Type I or II Household apply for a three-bedroom home?

A: Yes, however, please see “The Waiting List” for how order will be given from the Lottery Results. Type I and II Households will not have priority for 3BR homes.

Q: If I am currently going through a divorce/separation or planning on being divorced / separated soon, can I still apply?

A: Your separation or divorce does not need to be finalized when you *apply for the lottery* but it must be finalized *before you sign a Purchase and Sale Agreement* (see the Step-by-Step details). You will not be allowed to purchase an affordable home until your separation or divorce is complete because the terms specifying the allocation of assets and custody of children must be finalized so that your income and asset eligibility can be accurately reviewed. If you have only filed for separation when it comes time to purchase an affordable home and you haven’t finalized your divorce, you will not be allowed to purchase a home at that time.

MORTGAGE PRE-APPROVAL STANDARDS

Immediately after reading this entire Information Packet, all households should apply for mortgage pre-approval. *Mortgage pre-approval is required with the application.* Households can apply with any lender but the pre-approval must meet the following standards:

Mortgage 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 two points.
- The loan cannot be an FHA or VA loan (as FHA and VA will not accept the terms of the Deed Restriction)
- The buyer must provide a down payment of at least 3% - half of which must come from the buyer's own funds.
- If Heads of Household are not married, the names of all Heads of Household must be on the Mortgage

*MassHousing: (888) 843-6432 or www.masshousing.com

We strongly encourage households to apply through banks who are aware of the resale restrictions and guidelines for affordable housing programs. These banks will likely be aware of additional first-time homebuyer programs that may be of great assistance such as the Massachusetts Housing Partnership's ONE Mortgage. The following lenders are familiar with the process and the mortgage requirements and should be happy to help you with questions or pre-approvals.

Any lenders found here: www.mhp.net/one-mortgage/why-one#find-lender
Diana Carvajal-Hirsch, Boston Private (617) 912-3991 DCarvajal.Hirsch@bostonprivate.com

Households will need to bring the copy of the EXAMPLE Deed Rider to their lender. A copy can be downloaded directly off our website at www.sebhousing.com. *All lenders will be made aware of the resale restrictions regardless of whether you tell them up-front or not.* The Deed Rider is a document that will be signed at the closing. Therefore, it is in all household's best interest to show all lenders a copy of the Deed Rider when applying for a mortgage. Otherwise, they may find a lender who grants pre-approval but backs out at the time of purchase once they are made aware of the resale restrictions, thus eliminating the opportunity to obtain an affordable unit.

The lender will ask you for association fees and taxes. The condo/HOA fees are on page 3 of this Information Packet and **taxes are assessed to the affordable price (not the market-rate equivalent).**

Q: Can a non-household member co-sign on the mortgage?

A: No. Only members of the applying household can sign on the mortgage. All monies gifted to household members to assist in down-payment or other costs will be counted as household assets.

STEP-BY-STEP PROCESS AND TIMELINE

Q: What is the application, selection, and move-in process for the affordable unit being offered at 163 Atlantic Road?

A: The process is essentially a two-step process. The following pages explain each step in greater detail.

The first steps all involve preliminarily qualifying for the Affordable Housing Program and being given a position on the Waiting List.

The second steps all involve the actual process of reserving and buying a home (and unit availability will be determined by your position on the Waiting List).

Step 1a: Applying for the Housing Program

Through August 29, 2022

Step 1b: The Lottery

September 12, 2022 at 6:00pm via Zoom. Go to Zoom.com – Join – and enter Meeting ID: 857 2736 5609, Passcode: 276410 or join by conference call (425) 436-6200, Code: 862627

Step 1c: Waiting List

Within 3 days of the Lottery

Step 1d: SEB and DHCD Review

Approximately 10 days

Step 2a: Unit Selection and Reservation Agreement

Households given approx. 3 days after Monitoring Agent Approval

Step 2b: Sign Purchase & Sale Agreement

Takes approximately 10 days after the Reservation Agreement has been signed

Step 2c: Obtain Mortgage Commitment

Most banks take approx. 30 days to provide a mortgage commitment

Step 1e: Final Review for Program Eligibility

This is done 3 weeks prior to the closing date

Step 2d: Closing and Move-in

Affordable unit ready by approximately Spring/Summer 2022.

There will also be an Informational Workshop on August 1, 2022 at 6:00pm where questions about the lottery and the development can be addressed directly. To attend, go to Zoom.com – Join – and enter Meeting ID: 857 2736 5609, Passcode: 276410 or join by conference call (425) 436-6200, Code: 862627. Attendance at the Info Session is **not** required for participation in the lottery.

Step 1a: Applying for the Lottery

Once a household reads this Information Packet in its entirety, they will need to fill out a Program Application. The applying household **MUST** include a Mortgage Pre-Approval (a pre-qualification is not sufficient). The Program Application must be signed and dated by all heads of household. The Program Application and Mortgage Pre-Approval must be received by the Lottery Agent, or postmarked, by 2:00pm on August 29, 2022. All applications should be sent to:

SEB Housing
Re: 163 Atlantic Road
257 Hillside Ave
Needham, MA 02494
Fax: 617.782.4500
Email: info@sebhousing.com

To ensure applications arrive in time, we recommend sending them in at least a week prior to the application deadline. **Late applications will not be accepted- NO EXCEPTIONS!** If you want to ensure your application is received, we recommend sending it by certified mail. The Lottery Agent and other affiliated entities are not responsible for lost or late applications.

Once a completed Program Application is received with a Mortgage Pre-Approval, SEB will determine initial eligibility and compliance. If the applicant is determined to be eligible for the Lottery, they will receive an **Application Number** in the order in which their application was completed. The purpose of the Application Number is simply to keep all households' names unknown at the lottery. **The Application Number has no bearing on a household's final Waiting List position.**

Households that are deemed ineligible by the Lottery Agent will be notified by mail (or by email if an email address is provided). Entrance into the Lottery does not guarantee that a household is eligible to buy a home. Please read all of the following steps for further details on the review process.

Q: What happens if I don't submit all necessary documentation or fail to correctly complete my Affordable Housing Program Application?

A: Households that submit incomplete documentation will be mailed a notice detailing the additional documentation that is needed to make their application complete. Their application will remain in an "Incomplete Application Pool" until all requested materials have been received. Households with applications in the Incomplete Application Pool will not be entered into the Lottery.

Age-Qualified Households, Displaced Homemakers and Single Parents that have yet to sell their homes and/or finalize their divorce/separations will be given conditional approval and will be given an Application Number to be entered into the lottery like all other eligible households. They will be required to submit all additional documentation verifying their claims later in the process if they wish to purchase a unit.

Step 1b: The Lottery

The Lottery will be held on September 12, 2022 at 6:00pm via Zoom. To attend, go to Zoom.com – Join – and enter Meeting ID: 857 2736 5609, Passcode: 276410 or join by conference call (425) 436-6200, Code: 862627. Households do not have to attend the lottery to remain eligible. All results will be mailed to every applying household after the Lottery.

For the Lottery Drawing, a representative from SEB Housing will pull Application Numbers from a box. The Application Numbers are randomly drawn for the lottery and placed in the order drawn the **Lottery Result List**.

The order drawn does not necessarily reflect the order that households will get to select unit as Application Numbers of smaller households are mixed in with Application Numbers of appropriately sized households (see: Household Size and Composition). It is only how a household is drawn relative to other eligible households of the same TYPE that matters.

Step 1c: The Waiting List

The Waiting List will be compiled immediately after the lottery. **The Waiting List created from the Lottery Results List illustrates the order households will be offered the affordable unit.** The position each household has on the Waiting List is determined by the order in which their Application Number is drawn in the Lottery relative to households of similar Household Type. *Please see "Household Size and Compositions" for details on Household Types.*

The Waiting List

Waiting List for One (1) 3BR home for \$301,400

Top Tier: All Type III Households

Second Tier: All Type II Households

Bottom Tier: All Type I Households

Within one day of the lottery, the Waiting List will be sent to every household who was entered into the lottery. The Lottery Results establish the Waiting List. Every household with an Application Number will have a position on the Waiting List.

Step 1d: SEB Housing & DHCD Review

After the Lottery, the Lottery Agent will notify all the lottery applicants of the results and their positions on the Waiting Lists.

The Lottery Agent will contact up to five times as many households as units available on each Waiting List and inform them that they have until a given date (which will be approximately 1 week from the date of notification) to submit all required documentation for SEB Housing's preliminary review of Program eligibility. When SEB Housing sends a household their Application Number prior to the lottery, SEB Housing will also send them a Documentation Requirement Guide that details everything that will be required after the lottery for households invited to move forward in the process. Any household who is contacted but fails to submit all required documentation (and if their initial submission is incomplete, any and all missing documentation) by the 1 week deadline given by SEB Housing will be removed from the Waiting List. Similarly, any household who is over the income or asset limit or is unable to verify all claims in their application will also be removed from the Waiting Lists. Those households contacted who complete the eligibility review and are deemed eligible by SEB Housing to move forward in the process will remain on the Waiting Lists.

The affordable unit is scheduled to begin occupancy by Spring/Summer of 2022. As many more households may be required to complete the SEB Preliminary Review of Program Eligibility than units available, some households may complete the SEB Preliminary Review of Program Eligibility and not be given the chance to move forward in the process of reserving the affordable unit.

The top household on the Waiting List who completes all documentation submission by the given deadline and is deemed eligible by SEB Housing will be sent to DHCD for formal eligibility certification. It is ultimately DHCD who will determine if a household is eligible and can move forward to the next step of the process. SEB Housing goes through great lengths to ensure that files are complete when sent to DHCD but if the DHCD needs any additional documentation to complete their eligibility review, they will notify SEB Housing and SEB Housing will notify the applicant. The applicant must submit any documentation requested by DHCD within 5 business days. Applicants who do not provide additional documentation and applicants that the DHCD disqualifies will be removed from the Waiting List and lose their opportunity to move forward in this process. Once DHCD has certified a household as eligible, they will contact SEB Housing and SEB Housing will direct the household to the next step.

Step 2a: Unit Selection & Reservation Agreement

The top eligible household on the **Waiting List** who is certified by DHCD (as detailed in the previous step) will be notified by the Lottery Agent when they can move forward with the purchase of the available affordable unit. When a household is notified, they will be put “on the clock”. When they are “on the clock”, they will be given the contact information for Sales Office and they will have 3 business days to contact the Sales Office and complete a Reservation Agreement.

When a household is at the top or near the top of a Waiting List (and is therefore about to be put “on the clock”), it is recommended that they hire an attorney who can assist with the review and execution of the Purchase and Sale Agreement.

The Reservation Agreement is a contract between the applicant and the developer which details the unit that will eventually be purchased, and the time and date when a Purchase and Sale Agreement must be executed (*see next step*). **When a Reservation Agreement is signed, a refundable deposit of \$500 is required.** The deposit is refundable if the buyer is unable to secure a mortgage for the unit.

A household that is “on the clock” will be able to reserve the available unit. The date that a Purchase and Sale Agreement will be executed will be approximately 10 business days from the day the Reservation Agreement fully executed. The next applicant on the Waiting List (who is not in the top position) will only be notified that the unit is still available if the applicant ahead of them fails to reserve the unit or fails to close on the unit.

If an applicant fails to sign a Reservation Agreement, their Application Number will be removed from the top of the Waiting List and will be dropped to the bottom. This applicant will not get a chance to sign a Reservation Agreement again until all other applicants on the Waiting List are given a chance. Once the applicant who was dropped to the bottom is given a second chance, they must sign a Purchase and Sale Agreement or they will permanently lose their opportunity to purchase an affordable unit at 163 Atlantic Road through this lottery.

Age Qualified Households, Displaced Homemaker and Single Parent Exception:

Based on the lottery results and their positions on the Waiting List, households will be able to estimate when they are about to reach the top of the Waiting List and will therefore know how much time they will have to sell their home or finalize their divorce/separation. **Households who currently own a home when they applied for the lottery** will need to provide a copy of a signed Purchase and Sale Agreement for their current home to SEB Housing **before** reaching the top of a Waiting List. **Applicants who were in the process of being separated/divorced when they applied for the lottery** will need to provide a copy of their Divorce Decree or Separation Agreement **before** reaching the top of a Waiting List.

If the above households fail to provide the required documentation before reaching the top of the Waiting List, they will not be put “on the clock” (meaning they will not be able to purchase a unit) and they will be dropped from the Waiting List.

Step 2b: Sign Purchase and Sale Agreement

Once a household signs a Reservation Agreement, they will have approximately 10 business days to sign a Purchase & Sale Agreement (P&S) and put down the required deposit. This deposit will be 1.5% of the sales price minus the \$500 deposited with the Reservation Agreement. The Purchase and Sale Agreement will have the actual closing date on it.

After the Reservation Agreement is signed, the Sales Team will give the applicant the Purchase and Sale Agreement, the Deed Rider (which should be attached to the P&S), and the Condo documents. You may also have the bank that is offering your mortgage commitment review these documents.

If the applicant fails to sign the Purchase and Sale Agreement by the agreed upon date (or chooses not to sign it), they will be dropped from the Waiting List and the next applicant in line will then be notified that they are “on the clock” to sign a Reservation Agreement.

Step 2c: Obtain Mortgage Commitment

Mortgage pre-approval does not ensure a mortgage commitment. Once a household has a signed Purchase and Sale Agreement, they will need to go back to their lender that issued them their pre-approval letter and obtain a Mortgage Commitment. This process will begin immediately after signing the P&S. Households do not need to go back to the same lender that gave them their pre-approval letter but it is recommended.

If a household is unable to obtain a Mortgage Commitment by the mortgage contingency date in their Purchase and Sale Agreement, their deposit will be refunded and they will be dropped from the Waiting List.

Please note that each lender will handle the Mortgage Commitment differently and this packet only serves as a guide through this process. Generally, the lender will want to see the Purchase and Sale Agreement, the Condo/HOA Documents and the Deed Rider. They will also do an appraisal of the property once the property is ready to move into. Once the appraisal is complete, the household will be able to close on the home.

Step 1e: Final Review for Program Eligibility

Before a household can close on their affordable unit, SEB Housing must do a final review of the household's eligibility income and asset eligibility and DHCD must do a review of the household's mortgage eligibility in order to prepare the Resale Price Certificate and Deed Rider that must be recorded at the closing.

It is therefore essential that all households continue to maintain records of all income and assets until they close on their affordable unit **and maintain program eligibility!**

One month prior to the closing date, households will need to complete a Final Review Application and submit all recent income and asset documentation to SEB Housing. SEB Housing will review the Final Review Application and determine if the household is still eligible according to affordable housing program guidelines. If a household is no longer eligible (over the allowable income and asset limits), the household will not be able to purchase an affordable unit.

Additionally, approximately 1 month prior to closing, households must submit a copy of the MORTGAGE COMMITMENT LETTER from the buyer's lender including interest rate, points, length of loan, and annual percentage rate.

SEB Housing will forward the final package of documentation to DHCD 30 days prior to the closing date. They will review the P&S and mortgage. They will then mail and fax the Resale Price Certificate to the developer's closing attorney who will then complete the Deed Rider to record at the closing.

Age Qualified Households, Displaced Homemakers and Exempt Single Parents that are current homeowners will not be able to receive a Resale Price Certificate until they have sold their home. Once their home is sold, they will need to send their Closing Disclosure Form (formerly the HUD-1 form) (received at closing) to the Monitoring Agent along with all of the above documentation. The Monitoring Agent will then perform a final review of their eligibility to ensure that the household did not exceed the established limit of \$75,000 in net proceeds from the sale of their home. If the household remains asset eligible, and all the above documentation is in order and meets program guidelines, DHCD will issue a Resale Price Certificate.

Step 2d: Closing and Move-in

The Purchase and Sale Agreement will set the Closing Date. If all the steps above are followed, the closing should go smoothly. Your lender and lawyer will be able to guide you with all the steps starting with the Reservation Agreement.

Once you have closed on the unit, you may move in.

Additionally, once you have closed on the unit, there is NO future income or asset eligibility reviews.

DEED RIDER SUMMARY/ PROPERTY RESTRICTIONS

This is not the Deed Rider. The actual Deed Rider will be prepared by DHCD and the Closing Attorney and provided on the day of each home closing. A copy of an Example Deed Rider will be on the SEB Housing website.

The purpose of this *summary* is intended to be informational only and it is not a substitute for independent legal advice. It is intended to highlight some of the obligations a purchaser will have upon resale. The Deed Rider is an especially important legal document; in part it ensures that the home remains affordable for future buyers of your property. Purchasers are encouraged to read carefully and to seek legal counsel to have a full understanding of their obligations of the Deed Rider in its entirety.

All of the deeds for the homes designated as affordable will have a deed rider, which you will be required to sign. The rider in part will ensure that the home will stay affordable in perpetuity.

Assuming you qualify, you will be given an opportunity to purchase a home at a substantial discount (“the affordable price”) of the property’s fair market value.

However, significant deed restriction provisions must be observed:

PRINCIPAL RESIDENCE

To occupy the home as a principal residence, where you regularly live, eat, sleep, are registered to vote, etc. You may not rent or lease your home.

REFINANCING

All requests to refinance must be approved by DHCD before the owner can close on a new loan.

CAPITAL IMPROVEMENTS

Capital improvements must be approved by DHCD and the local community in order to be considered and added to the resale price. Capital improvements are defined as a necessary maintenance improvement, not covered by a condominium or homeowner association fee, that if not done would compromise the structural integrity of the property. Examples of necessary capital improvements include new roof, heating or plumbing replacement, repair due to termite or water damage, etc. Improvements such as the installation of outdoor decks, flooring (except in cases of replacement due to damage or long-term wear), additions, garages, landscaping, and other items identified by the owner that are upgraded or luxury improvements will not be considered capital improvements and cannot be added to the resale price when the property is sold.

NOTICES WHEN SELLING YOUR HOME

When you wish to sell your home, you must notify the City and DHCD. This notice is referred to as the "Conveyance Notice" in the Deed Rider. The notice must include the Resale Price Multiplier (see below) and the maximum resale price, which DHCD must approve.

MAXIMUM RESALE PRICE

The Maximum Resale Price is limited by the percentage change in the area median income, with credit for certain capital improvements that must be pre-approved by DHCD.

As an example only, the maximum resale price is calculated assuming a base number (most recent published Area Median Income as determined by HUD). At the time of initial sale the AMI is \$ 95,500 (A) and the initial sales price is \$ 200,000 (B) the Resale Price Multiplier would equal $B/A = (C) = 2.094$. Upon resale, assuming the base number has increased to \$ 99,300 (D).

The Maximum Resale price (E) would then be:

Base number (D) x Resale Price Multiplier (C) = \$99,300 x 2.094= \$207,934 (E)

If there have been capital improvements pre-approved by DHCD (ex. new roof, \$5,000), the Maximum Resale Price would be:

(E) + Approved Capital Improvements = \$207,934 + \$5,000 = \$212,934

Please note that the Deed Rider requires that the Maximum Resale Price must still be affordable!

RESALE PROCESS

Under no conditions can the home be sold for more than the Maximum Resale Price.

Once the City of Gloucester and DHCD receive the notice to sell, the City has 90 days to find an eligible buyer (a homebuyer whose income is at 80% of the base area median income and who meets the asset limit). The City/DHCD can also decide within those 90 days to purchase the home.

If the City/DHCD finds an eligible buyer within the 90-day period, an Eligible Purchaser Certificate will be issued to the new buyer. The certificate states that the sale complies with the Deed Rider. If the City/DHCD purchases your home, a Municipal Purchaser Certificate is issued.

If the City/DHCD finds an eligible buyer within 90 days, but that buyer cannot obtain financing or is otherwise unable to purchase the home, the City/DHCD can receive an extension of an additional 60 days.

If 120 days pass from the date of the Conveyance Notice, and the City/DHCD cannot find an eligible buyer and the City/DHCD does not want to purchase the home, you may sell your home for the Maximum Resale Price to an Ineligible Buyer who will also have to sign a Deed Rider, ensuring the home will still be subject to all the same rights and conditions.