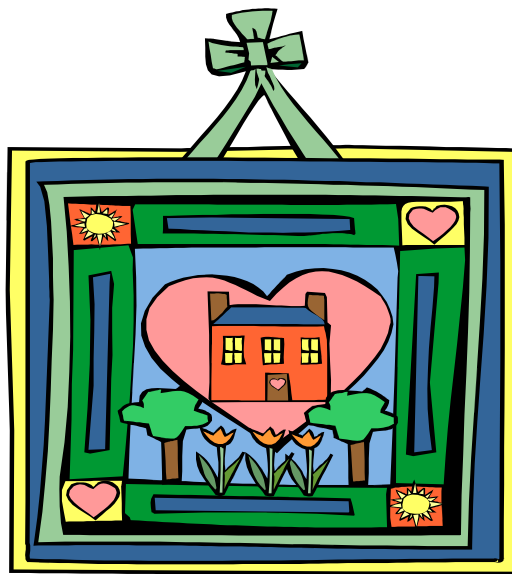


Franklin Municipal Affordable Housing Trust
Home Ownership Opportunity Program
Down Payment Grants for 1st Time Home Buyers*



Equal Housing Opportunity

GENERAL PROGRAM DESCRIPTION

The Municipal Affordable Housing Trust will provide up to a maximum of \$80,000 to income and asset qualified households to assist in purchasing market rate homes in Franklin. The Grant is intended to reduce the purchase price so that the purchase price will fall within the affordability range for the household size most likely to occupy the home (number of bedrooms, plus 1). The home purchased will be subject to a Deed Rider/Affordability restriction. The Grant will be paid at the closing directly to the seller of the home. Applicants for the Grants must qualify pursuant to the LIP Program Guidelines, produced by the Department of Housing and Community Development, as most recently amended.

EXAMPLE:

A 3 bedroom home is currently for sale in Franklin. The sale price is listed as \$290,000.

You are interested in purchasing this house, but it is too expensive. You qualify under the Local Initiative Program (LIP) Guidelines. In this example, that means you are a household of 4 earning no more than \$66,150 and do not have assets totaling more than \$75,000 and you are first time home buyers.*

You have submitted an application and been selected in the lottery and you qualify to receive a grant in the amount of \$80,000 to purchase a 3-bedroom home.

The home owner agrees to participate in the program.

The purchase price to you is $290,000 - 80,000 = \$210,000$. The \$80,000 grant is paid to the seller by the Trust at the closing.

***A first time home buyer is defined as not having owned a home, or an interest in a home, for three years.**

THE DEED RIDER/AFFORDABILITY RESTRICTION

Participants will be required to sign and record the Affordable Housing Restriction found which will become part of their deed in perpetuity (often referred to as the “Deed Rider”).

The purpose of this summary is informational only and it is not a substitute for reading the Deed Rider. The Deed Rider is an important legal document that restricts the sale or encumbrance of the property and it ensures that the home remains affordable for future buyers of your property. The Deed Rider remains in effect in perpetuity. **You should read the entire text of the Deed Rider carefully and seek legal counsel to have a full understanding of your obligations of the Deed Rider in its entirety.**

Summary of Deed Restrictions:

- You must occupy the home as your principal residence.
- You may not rent or lease the home.
- You must seek permission from the Town of Franklin and DHCD prior to refinancing your mortgage or making capital improvements.
- When you wish to sell the home, you must notify the Town of Franklin and DHCD in writing. (Conveyance Notice).
- Once the Conveyance Notice has been received. The Town of Franklin or DHCD has 90 days to find an eligible purchaser or to purchase the home. If the owner fails to cooperate in resale efforts, the 90-day period can be extended for a period commensurate with the time the lack of cooperation continues. If, after 120 days after the Conveyance Notice, an eligible purchaser has not been located, the home can be sold to an ineligible purchaser; however, it must be sold at no more than the maximum resale price. A compliance certificate will be issued to the seller and a new deed rider will be recorded with the sale of the home.
- The Maximum Resale Price (MRP) is limited by the percentage change in the area median income times the Area Median Income (AMI).
 - Example: the MRP is calculated using the most recently published AMI (as determined annually by Department of Housing and Urban Development) times the Resale Price Multiplier. The Resale Price Multiplier (RPM) is the Sales price divided by the AMI. (Initial Sale: $\$165,000 \div 82,400 = 2.00$) Upon resale, if the AMI has increased to \$90,000, then the Maximum Resale Price would be calculated as follows: Resale Price Multiplier x AMI = MRP or $\$90,000 \times 2.0 = \$180,000$. \$180,000 would be the new sales price to an income and asset qualified household.
- There is no guarantee that you will be able to sell your home for the maximum resale price.

WHY ARE WE DOING THIS?

It is the purpose of this program to supplement the traditional Chapter 40B new home construction development. It is the purpose of this program to assist current market rate homeowners to sell their property at fair market values while providing affordable housing opportunities not in typical new, rural subdivisions, but rather in established neighborhoods where housing currently exists. This program will encourage the reuse and rehabilitation of existing resources and will preserve and encourage a sense of community, tradition, and history for a diverse future generation.

I AM INTERESTED, NOW WHAT DO I DO?

You should attend an Information Session to ask any questions and to receive detailed information on eligibility and the program. Attendance at one of the information sessions is not mandatory, but is strongly encouraged.

<p>Information Session Dates:</p> <p>Wednesday, January 27, 2010 @ 7:00 PM in the Council Chambers of the Franklin Municipal Building, 355 East Central Street, Franklin, MA 02038</p> <p>Monday, March 1, 2010 @ 7:00 PM in the Council Chambers of the Franklin Municipal Building, 355 East Central Street, Franklin, MA 02038</p>
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QUALIFYING

Applicant’s household income must be below 80% of the median area income as determined annually by HUD. Current Maximum Income Limits based on Household Size is as follows: (income is from all sources and for all household members)

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
\$46,300	\$52,950	\$59,550	\$66,150	\$71,450	\$76,750

Maximum Household Assets are limited to \$75,000. Assets are cash on hand and in bank accounts and investment vehicles such as CDs, Money Markets, and retirement accounts including but not limited to IRA’s, 401Ks, SEP’s, Keogh’s, etc..

The household must demonstrate the funds available to make a 3% down payment (after deducting grant) of which 1/2 of that must be from their own funds. The household must be able to obtain a mortgage. A mortgage can not be co-signed by a non-household member. Down payment gifts are considered as part of the household assets.

Participants must be first time homebuyers as defined by the Massachusetts Department of Housing and Community Development (DHCD). You must not have owned a home in the past three years or meet one of the following exceptions:

- are an individual who is an adult, who has owned a home only with a spouse, who is legally separated from a spouse, and who does not currently own the home previously owned with a spouse;

- are a household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations;
- are 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; or
- are a household in which at least one member is age 55 or older

At least one member of the applicant household must complete a Homebuyer Education Workshop as described in the After the Lottery section below.

Applicants must be able to obtain a loan that meets these 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 defined as no more than 2 percentage points above the current MassHousing rate (visit www.masshousing.com or call 617-854-1000 for rate information);
- The loan can have no more than 2 points; and
- The total housing payment (principle, interest, taxes, mortgage insurance, condo fee and property insurance) must not exceed 38% of applicant income.

All are welcome and encouraged to apply; you do not have to be a resident of Franklin.

You must remain program eligible until you actually purchase a home.

APPLICATIONS

Applicants must submit a completed application including all required documentation by the deadline. Late or incomplete applications will not be entered into the lottery. Applications are available online at www.franklin.ma.us. Click on “Departments” then “Affordable Housing” to download and print the application. Applications can also be obtained at the Franklin Senior Center, 10 Daniel McCahill Street or the Franklin Library, 118 Main Street or by calling 508-520-4949.

Households wishing to apply for grants will complete an application and submit with:

- 3 years tax returns, 1099’s, and W2s
- 5 most recent pay stubs
- 3 months/periods statements from all money market, CDs, and Retirement accounts including Pensions, IRA’s, Keoghs, 401K, etc.
- 3 months of checking and savings account bank statements
- a pre-approval letter from a bank.

Application Deadline:

**Friday, March 19, 2010 @ 1:00 PM in the Town Administrator's Office,
355 East Central Street, Franklin, MA 02038**

THE LOTTERY

Lottery Date:

**Saturday April 10, 2010 at 10:00 AM in the Council Chambers of the
Municipal Building**

There will be one general pool. There is no local preference for this program. Qualified applications will be given a lottery number and will be entered into this pool. Qualified applicants will be notified by mail. All lottery numbers will be drawn and ranked numerically starting with #1 and continuing until all numbers have been ranked. You do not have to be present at the lottery to participate. All qualified applicants will be notified by mail as to their rank in the lottery.

AFTER THE LOTTERY

Beginning with #1, lottery participants will be given 120 days to find and purchase an eligible * home. One extension may be granted by the Municipal Affordable Housing Trust for extenuating circumstances upon written request by the lottery winner.

It is expected that there will be enough funds available to award grants to the first 6 lottery winners.

If funds remain after the first six winners purchase homes, the funds will be disbursed as available to the next qualified household on the list and so on until the funds are all disbursed. The remaining names and ranking will be kept up to one year and will be used as a "Ready Buyer List" should other housing opportunities arise.

Lottery Winners are required to complete a First Time Home Buyers Education Workshop. If the applicant has completed one within two years, a completion certificate must be submitted as proof. The Municipal Affordable Housing Trust will attempt to schedule a workshop locally in March or April and anyone may attend. Applicants can find scheduled workshops posted at CHAPA's website, www.chapa.org/housing or at Quincy Community Action Programs' website, www.qcap.org/housing programs.

These are example sales prices you should keep in mind when looking and determining affordability:

Bedrooms	Sale Price	Maximum Grant Up To	Net Price after Grant
1 BR Condo	\$168,000	\$45,000	\$123,000
2 BR Condo	\$198,000	\$60,000	\$138,000
2 BR House	\$232,000	\$60,000	\$172,000
3 BR Condo	\$243,000	\$80,000	\$163,000
3 BR House	\$271,500	\$80,000	\$191,500
4 BR House	\$286,500	\$80,000	\$206,500

The grant amount actually received will be based on the income of the household and the price of the home being purchased.

Grant amounts do not count toward a household's maximum assets amount.

The Grant does not count as the household's required 3% down payment.

Housing Trust members may be available to assist in the home buying process.

**Eligible homes will be approved by the Municipal Affordable Housing Trust members. Approval will be based on the household size and the number of bedrooms required and the condition of the home to be purchased. It will be the sole discretion of the Municipal Affordable Housing Trust to determine if a house/condo is eligible.*

Grants amounts will be paid by the Municipal Affordable Housing Trust at the closing to the seller of the home.

The home being purchased can not be a part of any subsidized program or already be included on the Subsidized Housing Inventory or be currently eligible to be included on the Subsidized Housing Inventory.

Sellers of market rate homes must be willing to participate in the program and cooperate with the Municipal Affordable Housing Trust.

YOU HAVE FOUND A HOME, NOW WHAT?

1. You must have an attorney to represent you in buying the home. Your attorney will assist with the legal requirements and the closing and can review and explain the deed rider.
2. A member or member s of the Municipal Affordable Housing Trust may act as a liason to assist the home buyer through the process.
3. Home Inspections: The property must be in good repair. The Municipal Affordable Housing Trust will pay for a home inspection. The home

inspection will done by a qualified Massachusetts-licensed inspector and will address all the items normally covered in a standard home inspection report as defined in 266 CMR 6:00 Standard of Practice and also will include:

- Inspection for wood boring insects*
 - Air quality testing for radon*
 - A check for the presence of any potentially hazardous material, i.e. asbestos, etc.*
 - A check for any indication of moisture damage and discoloration, i.e. mold, etc.*
 - A check for the presence of lead based paint if the property was constructed prior to 1978*
4. Home must have a current Title 5 septic system certification if property if property is not on Town Sewer. (Seller provides)
 5. Homes on public water supply: water quality testing, from an interior faucet, which meets HUD/FHA loan requirements by testing for Coliform, E. coli, lead, nitrate, nitrite, and nitrate & nitrite*. (Town will provide)
 6. Homes with private wells: water quality testing, from an interior faucet, which meets HUD/FHA loan requirements.(Seller provides)
 7. The property shall be equipped with working smoke detectors and carbon monoxide detectors in accordance with M.G.L. 148 sect. 26E and 527 CMR 31 (seller provides).

It will be the sole discretion of the Municipal Affordable Housing Trust to determine if a home is eligible to be purchased.

Costs

- The Municipal Housing Trust Fund will pay for the cost of the home inspection up to two times per lottery winner.
- The Town of Franklin or a designee will provide the Housing Quality Inspection.
- The Municipal Housing Trust will not pay for necessary repairs to any home.
- The home purchased should not require major repairs during the first 5 years of ownership.

Condominiums:

- Condominiums are eligible. However, grant winners must provide a copy of the following documents to be obtained from the seller, or the condo association:
- A copy of the condominium association's condominium declaration, bylaws, and regulations
- Financial reports of the condominium association and its reserve funding including:
 - Current condominium fee
 - Current special assessment, if any
 - Balance Sheet
 - Statement of income and expenses
 - Condominium association's annual budget
 - Disclosure of any anticipated increase in contributions beyond inflation.

- Copy of the condominium association’s reserve fund plan.
- Disclosure of any judgments against the condominium association.
- Disclosure of any pending law suits or other legal proceedings against the condominium association.

The Municipal Affordable Housing Trust may deny approval of a grant if, in its discretion, the condominium complex is determined to be financially unstable, has current or proposed law suits against it that would result in it becoming financially unstable, or its special assessments, or proposed or likely special assessments would result in the unit becoming unaffordable to the buyer.

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Sponsored by the Municipal Affordable Housing Trust

Christopher Vericker, Chairman
 Susan Speers
 Bob Gagnon
 Maxine Kinhart

Judith Pond Pfeffer
 MaryAnn Bertone
 Jeff Nutting

Contact: Maxine Kinhart, 355 East Central Street, Franklin, MA 02038, 508-520-4949 or mkinhart@franklin.ma.us



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