

**City of Beverly**  
**LIP Affordable Housing Resale Application**  
**48 Federal Street – Unit 104**

**ELIGIBILITY REQUIREMENTS**

**A. Household Eligibility:**

The household shall not have owned a home within three years preceding the application, with the exception of:

1. Displaced homemakers who owned a home with a partner;
2. Single parents that owned a home with a partner;
3. Households that owned a principal residence not permanently affixed to a permanent foundation;
4. Households that owned property not in compliance with State, local or model building codes and that cannot be brought into compliance for less than the cost of constructing a permanent structure.

**B. Income and Asset Eligibility:**

To be eligible to purchase an affordable home, annual income and assets must be below the maximum levels as describe below. There is no minimum income, although applicant's income must be able to support a mortgage that is sufficient to purchase the affordable unit.

Maximum Income:

To be eligible, the combined annual income for all income sources of all income-earning members in the household must be at or below 80% of the area median income, as defined by HUD, for the local area. Income in most cases is defined as gross taxable income as reported to the IRS. According to the 2015 Income Guidelines released by HUD, 80% of the area median income for Beverly, MA, which becomes the maximum allowable income, is as follows:

- One-person household: \$48,800
- Two-person household: \$55,800
- Three-person household: \$62,750
- Four-person household: \$69,700

1. Maximum Assets:

The total gross household asset limitation is **\$75,000**. Household assets include the following:

- a. Cash in savings and checking accounts, safe deposit boxes, homes, assets held in foreign countries, etc. Use current balance for savings accounts and average balance for the last six months for checking accounts.
- b. Cash value of any revocable trust available to the applicant.
- c. Equity in rental property or other capital investments. Equity is calculated using the current fair market value less unpaid loans and reasonable costs to sell the asset.
- d. Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts. Value of stocks and other asset vary from day to day and should be determined within a reasonable time in advance of the application.
- e. Individual Retirement, 401K, and Keogh accounts when the applicant has access to the funds even if a penalty may be assessed.

- f. Retirement and pension funds, if the applicant is employed, are the amount that can be withdrawn without retiring or terminating employment. At end of employment, periodic receipts are counted as income and lump-sum receipts are counted as assets.
- g. Cash value of life insurance policies available to the applicant before death, such as the surrender value of a whole or universal life policy. It would not include a value for term insurance having no cash value to the applicant before death.
- h. Personal property held as investment such as gems, jewelry, coin collections, antique cars, etc. (not including personal jewelry).
- i. Lump-sum or one-time receipts such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements, etc.
- j. A mortgage or deeds of trust using the interest portion due for the 12-month period following the certification. To count imputed income, determine the asset value at the end of the 12-month period.
- k. A life estate using a value based on the IRS's latest guidance (Publication 1457, "Actuarial Values, Book Aleph," (7-1999))

**C. Financing:**

1. Applicants are required to submit a pre-qualification/pre-approval letter with the application for an amount sufficient to purchase an affordable unit at 48 Federal Street.
2. Applicants must qualify for a 30-year, fixed-rate mortgage with no more than 2 points and a down payment of at least 3%, at least half of which comes from the buyer's own funds.
3. Buyers cannot pay more than 38% of their monthly income for total housing costs. Households should have sufficient funds for a down payment and closing costs.
4. Non-household members are not permitted to be co-signers on the mortgage.
5. **DHCD will prepare a LIP Deed Rider and Resale Price Certificate to be recorded at the closing.**

**In order to prepare the Deed Rider and Certificate, DHCD requires the following documents no less than 2 weeks before the loan closing date:**

- A Copy of the COMMITMENT LETTER from the buyer's lender, including Interest Rate, Points, Length of Loan (i.e. 15-yr, 30-yr), and APR (Annual Percentage Rate)
- A Copy of the PURCHASE AND SALE AGREEMENT signed by the buyer and the developer
- Contact information for the loan CLOSING ATTORNEY including name, address, phone and fax numbers

Please forward all documents to Elsa Campbell of the LIP Program staff. She can be reached at 617-573-1321.

# HOMEOWNERSHIP APPLICATION

## GENERAL INFORMATION

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Home Phone: (    ) \_\_\_\_\_ Work Phone: (    ) \_\_\_\_\_

Cellular Phone: (    ) \_\_\_\_\_ Number of persons in household: \_\_\_\_\_

## HOUSEHOLD INFORMATION

List **ALL** household members, regardless of age, who will occupy the affordable home:

Name	Date of Birth	Social Security No.	Relationship

## OPTIONAL SECTION

Please check off the appropriate race category for each household member. This information will be used only in accordance with the LIP guidelines to ensure affirmative marketing requirements.

Minority Group Member	Head of Household	Co-Applicant	Dependent(s)
Black or African American			
Asian			
Native American or Alaska Native			
Native Hawaiian or Pacific Islander			
Other (not white)			
Hispanic or Latino			

## EMPLOYMENT STATUS

**Applicant's Name:** \_\_\_\_\_

Occupation: \_\_\_\_\_

Present Employer: \_\_\_\_\_

Employer Address: \_\_\_\_\_

Date of Hire: \_\_\_\_\_

Name & Title of Supervisor: \_\_\_\_\_

Annual Gross Salary: \_\_\_\_\_

**Co-Applicant's Name:** \_\_\_\_\_  
 Occupation: \_\_\_\_\_  
 Present Employer: \_\_\_\_\_  
 Employer Address: \_\_\_\_\_  
 Date of Hire: \_\_\_\_\_  
 Name & Title of Supervisor: \_\_\_\_\_  
 Annual Gross Salary: \_\_\_\_\_

If other adult household members are employed, please attach a separate sheet with their current employment information.

**INCOME VERIFICATION**

Please complete the following information for all persons receiving income in the household at the time of application. Household income includes gross wages, retirement income (if drawing on it for income), business income, veteran's benefits, alimony/child support, unemployment compensation, social security, pension/disability income, supplemental second income and dividend income. Please attach a separate sheet of current information for additional income-earning members.

In addition, please attach all income documentation including:

- ✓ Five most recent pay stubs
- ✓ Social security documentation
- ✓ Pension documentation
- ✓ Entire Tax Returns, 1099 Forms and W-2s for the last 3 years

Type of Income	Applicant	Co-Applicant
Salary	\$	\$
Interest	\$	\$
Dividends	\$	\$
Alimony/Child Support	\$	\$
Other Income & Source	\$	\$
<b>Total Income</b>	\$	\$

**TOTAL Combined Household Income: \$** \_\_\_\_\_

## ASSET INFORMATION

Please indicate the value of each asset you own and include copies of supporting documentation. The maximum asset limit is \$75,000.00. You will need to provide a current bank statement showing the current value for all accounts including CD's, money market accounts, savings, checking, retirement accounts, insurance, etc. For passbooks make copies of the last three pages showing updated interest less than 30 days old. For investment accounts or life insurance, provide a statement less than 60 days old showing the current market value.

<u>Type of Asset</u>	<u>Applicant</u>	<u>Name of Bank, etc.</u>	<u>Co-Applicant</u>	<u>Name of Bank, etc.</u>
Checking account	\$		\$	
Savings Account	\$		\$	
IRA	\$		\$	
401K	\$		\$	
Stocks	\$		\$	
Life Insurance	\$		\$	
Other: Please List	\$		\$	
	\$		\$	
<b>Total Assets</b>	\$		\$	

**Total Combined Household Assets:** \$ \_\_\_\_\_

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Applicant

\_\_\_\_\_  
Date

## APPLICATION CHECKLIST

Use this to confirm that you have provided all application materials before submitting. Required Forms from this packet:

- Application - signed by applicant & any co-applicant(s)
- Applicant(s) Certification
- Acknowledgments (last page, Local Initiative Program (LIP) Homebuyer Disclosure Statement)

### **Required Documentation (one copy of each):**

- Federal tax returns for three most recent years filed for all members of the household over the age of 18 or IRS Verification of Non-filing (do not send Mass. state taxes).
- W2 and/or 1099-R forms for three most recent years filed for all members of the household over the age of 18.
- Asset Statement(s): Current statements including most recent 5 months for: checking accounts (full statement showing activity/every page front and back); saving accounts (full statement); investment accounts including retirement; certificate of deposit; money markets; stocks/bonds; property; down payment gift amount etc.
- Five (5) consecutive pay stubs ending within one month of unit application for all jobs (check/direct deposit stubs). Must include five stubs whether paid weekly, bi-weekly etc. Provide for all salaried employed household members over 18. For unemployment, copies of unemployment checks or DOR verification stating benefits received.
- Mortgage pre-approval

## Applicant(s) Certification

\_\_\_ I/We certify that our household size is \_\_\_\_\_ persons, as documented herein.

\_\_\_ I/We certify that our total household income equals \$ \_\_\_\_\_, as documented herein.

\_\_\_ I/We certify that our household has assets totaling \$ \_\_\_\_\_, as documented herein.

\_\_\_ I/We certify that no member of our household has owned real estate in the last 3 years, or if so, that each individual(s) having owned real estate in the last 3 years meets at least one of the exceptions noted in the "Participant Eligibility" published for this program.

\_\_\_ 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 false or incomplete information may result in disqualification from further consideration.

\_\_\_ I/We certify that I am/we are not related to members of the City of Beverly, or any party of this program.

\_\_\_ I/We understand that it is my/our obligation to secure the necessary mortgage for the purchase of a home and that all expenses, including closing costs and down payments, are my/our responsibility. [Lenders must be able to work with property deed rider restrictions.]

\_\_\_ I/We understand that if I/we do not complete the home purchase transaction within 120 days after the notification of qualification, the grant will be offered to the next eligible applicant on the waiting list.

\_\_\_ I/We certify that I/We do not own a home in a Trust and understand any home owned under exceptions must be sold prior to purchase of an affordable home and its equity counted against the total household asset limit of \$75,000.

\_\_\_ I/We understand the provisions regarding resale restrictions and agree to the restriction. The unit cannot be refinanced without prior approval of the Massachusetts Department of Housing and Community Development (DHCD), no capital improvements can be made without DHCD pre-approval; the unit must be owner's primary residence; the resale price is calculated according to the deed rider; and an increase in equity is very minimal to ensure affordability over time; the deed rider remains in effect in perpetuity. [All prospective buyers are advised to review the deed rider with their own attorney to fully understand its provisions.]

\_\_\_ I/We have been advised that a copy of the LIP Universal Deed Rider is part of this application and can be found the DHCD website (<http://www.mass.gov/hed/docs/dhcd/hd/lip/lipdeedrider.pdf>). I/We understand that if I/we are selected to purchase a home, I/we must continue to meet all eligibility requirements of DHCD and any participating lender(s) until the completion of such purchase.

\_\_\_ I/We understand that I/we must be qualified and eligible under any and all applicable laws, regulations, guidelines, and any other rules and requirements.

Your signature(s) below gives consent to City of Beverly Department of Planning & Community Development or its designee to verify information provided in this application. The applicant agrees to provide additional information on request to verify the accuracy of all statements in this application. No application will be considered complete unless signed and dated by the Applicant/Co-Applicant.

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Applicant or Applicant's Spouse Signature

\_\_\_\_\_  
Date