

**City of Beverly**  
**Affordable Housing Resale Application**  
**First Come – First Serve (No Lottery)**

**348 Rantoul Street – Dane Square Condominium, Unit 204**

**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 2016 Income Guidelines released by HUD, 80% of the area median income for Beverly, MA, which becomes the maximum allowable income, is as follows:

<b>One-person household:</b>	<b>\$51,150</b>
<b>Two-person household:</b>	<b>\$58,450</b>

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))

**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.
- 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.

**Other:**

- 1. The City of Beverly will prepare the *Waiver of First Right of Refusal* to be recorded at the closing.
- 2. Submit 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)
- 3. A Copy of the PURCHASE AND SALE AGREEMENT signed by the buyer and the seller
- 4. Contact information for the loan CLOSING ATTORNEY including name, address, phone and fax numbers

Please forward the application and all documents to:

**City of Beverly**  
**Margaret O'Brien, Housing Coordinator**  
**191 Cabot Street**  
**Beverly, MA 01915**  
**Tel: 978-605-2384**  
**Email: [mobrien@beverlyma.gov](mailto:mobrien@beverlyma.gov)**

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## 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 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: \_\_\_\_\_

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**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 2 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

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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.

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

- Application - signed by applicant & any co-applicant(s)
- Applicant(s) Certification
- Acknowledgments (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



KEEP THIS DOCUMENT ACCESSIBLE  
IT CONTAINS VALUABLE CONTACT INFORMATION

**AFFORDABLE HOUSING HOMEBUYER DISCLOSURE STATEMENT**

This Homebuyer Disclosure Statement summarizes your rights and obligations in purchasing this home. You are about to purchase a home located at \_\_\_\_\_, in Beverly, Massachusetts (the “Municipality”) at less than the home’s fair market value. When you sell the home, that same opportunity will be given to the new buyer. In exchange for the opportunity to purchase the home at less than its fair market value, you must agree to certain use and transfer restrictions. These restrictions are described in detail in a Unit Deed Rider that will be referenced in your Deed and recorded at the Registry of Deeds.

**PLEASE REMEMBER:** You must occupy this home as your primary residence. Before renting, refinancing or granting any other mortgage, or making any capital improvements to your home; You must give written notice to the City of Beverly when you decide to sell your property. Please read the Deed Rider restriction in its entirety because it describes and imposes certain important legal requirements. It is strongly recommended that you consult an attorney to explain your legal obligations and responsibilities.

**Primary Residence**

You must occupy your property as your primary residence. Renting, Refinancing and Capital Improvements You must obtain the prior written consent of the Monitoring Agents before you do any of the following:

1. Rent your Affordable housing unit;
2. Refinance an existing mortgage or add any other mortgage including a home equity loan; or make any Capital Improvements (for example, a new roof or a new septic system – if you wish to get credit for those costs (at a discounted rate) when you sell your home. Before taking any action, please contact the City for instructions on renting, mortgaging, or making capital improvements to your home. If you do not obtain the required consent from the City of Beverly, you can be required to pay all of the rents or proceeds from the transaction to the Municipality.

**Resale Requirements**

When you sell your home, you are required to give written notice to the City of Beverly of your desire to sell so that they may proceed to locate an Eligible Purchaser for your affordable unit. Your sale price will be computed by the City of Beverly based on the formula set forth in the Deed Rider to reflect your original purchase price plus certain limited adjustments. The allowed sale price is defined as the “Maximum Resale Price” in the Deed Rider. It is calculated by adjusting the purchase price you paid for the home to reflect any change in the area median income from the time you purchased the home to the time of the resale plus: if any; approved Capital Improvements. The Maximum Resale Price can never be more than the amount which is affordable to an Eligible Purchaser earning 80% of the area median income, as determined by a formula set forth in the Deed Rider. The sales price will also never be less than the purchase price you paid, unless you agree to accept a lower price. The City of Beverly has up to 90 days after you give notice of your intention to sell the home to close on a sale to an eligible purchaser or to locate a subsequent purchaser if the first selected purchaser is unable to obtain financing or for lack of cooperation on your part.

It is your obligation to cooperate fully with the City of Beverly during this resale period.

If an eligible purchaser fails to purchase the home, you may sell the home to a purchaser

who does not qualify as an eligible purchaser (in this event, this purchaser is referred to as an ineligible purchaser), subject to the following:

- (i) the sale must be for no more than the Maximum Resale Price;
- (ii) the home must be sold subject to a Deed Rider; and
- (iii) a sale or transfer of the home will not be valid unless (1) the total value of all consideration and payments of every kind given or paid by the selected purchaser do not exceed the Maximum Resale Price, and (2) the *Waiver of Right of First Refusal* that confirms that the sale or transfer was made in compliance with the requirements of the Deed Rider is executed by the City of Beverly and recorded at the Registry of Deeds by the closing attorney.

If you attempt to sell or transfer the home without complying with the Deed Rider requirements, the City of Beverly may, among their other rights, void any contract for such sale or the sale itself.

### **Foreclosure**

In the event that the holder of a mortgage delivers notice that it intends to commence foreclosure proceedings, the Deed Rider gives the Municipality an option to purchase the home (or to designate another party to purchase the home) for a period of 120 days after notice of the Lender's intent to foreclose.

If this foreclosure purchase option is exercised, the purchase price will be the greater of (i) the amount of the outstanding balance of the loan secured by the mortgage, plus the outstanding balance of the loans secured by any mortgages senior in priority, up to the Maximum Resale Price as of the date the mortgage was granted, plus any future advances, accrued interest and/or reasonable costs and expenses that the mortgage holder is entitled to recover, or (ii) the Maximum Resale Price at the time of the foreclosure purchase option, except that in this case the Maximum Resale Price may be less than the purchase price you paid. By signing the LIP Deed Rider, you are agreeing that you will cooperate in executing the deed to the Municipality (or its designee) and any other required closing documents.

If the foreclosure purchase option has not been exercised within 120 days of delivery of the foreclosure notice to the Monitoring Agents, the mortgage holder may conduct a foreclosure sale. The mortgage holder or an ineligible purchaser may purchase the home at the foreclosure sale, subject to the LIP Deed Rider.

If the sale price at the foreclosure sale is greater than the purchase price that would have applied for the Municipality's foreclosure purchase option as described above, the excess will be paid to the Municipality. By signing the LIP Deed Rider, you are agreeing to assign any rights and interest you may otherwise have in the balance of any foreclosure proceeds available after satisfaction of all obligations to the holder of the foreclosing mortgage, for delivery to the Municipality.

There is no commitment or guarantee that the Municipality will exercise the foreclosure purchase option, or that your Lender will receive the Maximum Resale Price (or any other price) in any foreclosure sale of the affordable home. In addition, the foreclosing lender retains the right to pursue a deficiency against you.

### **Violation of Restriction Requirements**

If you violate any of the Restriction terms, you will be in default and the City of Beverly may exercise the remedies set forth in the Deed Rider.

If the City brings an enforcement action against you and prevails, you will be responsible for all fees and expenses (including legal fees) for the City of Beverly and can assert a lien against the home to secure your obligation to pay those fees and expenses.

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**Acknowledgements**

By signing below, I certify that I have read this Homebuyer Disclosure Statement and understand the benefits and restrictions described. I further certify that I have read the Deed Rider and understand the legal obligations that I undertake by signing that document.

I also certify that I have been advised to have an attorney review this document and the Deed Rider with me.

Dated \_\_\_\_\_, 20\_\_\_\_\_

Homebuyer: \_\_\_\_\_ Witness: \_\_\_\_\_

Homebuyer: \_\_\_\_\_ Witness: \_\_\_\_\_

**Return with Application to:**

**City of Beverly  
Department of Planning and Community  
Attn: Margaret O'Brien, Housing Coordinator  
191 Cabot Street  
Beverly, MA 01970**