**HOMEBUYER DISCLOSURE STATEMENT**

***For Projects in Which***

***Affordability Restrictions Survive Foreclosure***

You (the Homebuyer) have expressed an interest in, or are about to purchase, a home located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Massachusetts (the “Municipality”) at less than the home’s fair market value. The home was constructed under a state subsidy program that requires that this home be sold to a purchaser who meets certain income, asset and, in some cases, age limitations (an “Eligible Purchaser”)

In exchange for the opportunity to purchase the home at or less than its fair market value, you must agree to certain use and transfer restrictions. As the Owner of an affordable unit, you should be aware that there are three (3) legal documents that have been, or will be, recorded on your property to ensure that your unit remains affordable in perpetuity. They are:

1. The ***Regulatory Agreement***.
* The Regulatory Agreement is an agreement between the developer who constructed your home and MassHousing. The Regulatory Agreement stipulates, among other things, the Affordability Requirements for your home.
1. The ***Affordable Housing Restriction*** (also known as the “Restriction” or “Deed Rider” or “Affordable Housing Deed Rider”).

* The Affordable Housing Restriction is attached to the deed to your home and lays out the affordability restrictions and requirements that you must follow to ensure the unit remains affordable in perpetuity.
1. The ***Affordable Housing Restriction Mortgage***, in which MassHousing is Mortgagee.
* This is a non-financial mortgage between the Homeowner and MassHousing. It is important to recognize the **MassHousing Mortgage does not mean that you have a loan with or owe money to MassHousing.**  Rather, this Mortgage reinforces the terms of the Affordability Restrictions and was put in place as a deliberate mechanism to alert financial institutions, such as banks or lenders, of the unit’s value under the state subsidy program.

These documents, collectively, authorize your Monitoring Agent and MassHousing to enforce the Affordability Requirements, and ensure that annual compliance requirements as provided in the Regulatory Agreement are carried out.

These restrictions are described in detail in an Affordable Housing Restriction that will be attached to the deed to your home.

This Homebuyer Disclosure Statement summarizes the restrictions and requirements imposed by the Affordable Housing Restriction. **YOU SHOULD READ THE AFFORDABLE HOUSING RESTRICTION IN ITS ENTIRETY BECAUSE IT IMPOSES LEGAL REQUIREMENTS ON YOU**.

In addition to the restrictions imposed by the Affordable Housing Deed Rider, there may be other Guidelines and Regulations that lay out further requirements or restrictions related to your affordable home. MassHousing also provides information to assist homeowners in understanding the state subsidy program restrictions.

**I. Principal Residence – Owner Occupied**

You must occupy and use the home exclusively as your primary residence during the period the home is owned by you, except as noted below.

**II. Required Consents from the Monitoring Agent**

You must obtain the prior written consent of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Monitoring Agent”) before you do **any** of the following:

1. Lease or rent your home
	* Your Monitoring Agent may grant permission to rent your home on a temporary basis and not to exceed one (1) year, but you must contact your Monitoring Agent before you rent or lease your home.
2. Refinance your mortgage or obtain a second mortgage loan
	* You must contact your Monitoring Agent, who will review your request **before you may** **close on a new mortgage loan.**

**Note:** your new first or second mortgage must have the following characteristics:

* Fixed-rate, fully amortizing mortgage
* No prepayment penalty or balloon payment
* Fair market interest rate - no more than 2% above the currently prevailing rate
* Loan amount not greater than 97% of your current Maximum Resale Price
* Second mortgage: the combining amounts of all mortgages may not exceed 97% of the Maximum Resale Price

HOME EQUITY LINE OF CREDIT (HELOCS) ARE NOT PERMITTED

1. Make Improvements to your affordable home
	* Capital Improvements must be “necessary maintenance improvements, not covered by a condominium or homeowner’s association that if not done would compromise the structural integrity of the property. In other words, only necessary maintenance improvements qualify for future sale price consideration. Capital Improvements can be added to your resale price, if approved in advance.
	* If you are considering making improvement(s) to your home, you must contact your Monitoring Agent.
	* Below is a non-exhaustive table of improvements that **do** and **do not** qualify as capital improvements.

|  |  |
| --- | --- |
| QUALIFY AS CAPITAL IMPROVEMENTS | DO NOT QUALIFY AS CAPITAL IMPROVEMENT  |
|  |  |
| New Roof | Installation of central air conditioning |
| Replacement windows due to wear and tear | Outdoor decks |
| Replacement of siding due to damage, wear& tear | Additions |
| Exterior painting due to deterioration | Finishing of unfinished spaces |
| Heating or plumbing replacement | Garages |
| Structural deficiencies such as termite or other pest damage, water damage, or other maintenance as required | Landscaping |
| Septic tank replacement | Upgraded flooring (e.g. from carpet to hardwood) |
| Appliance Replacement (stove, dishwasher, refrigerator) | Other items identified by the owner that could be considered upgrades or luxury improvements |
| Other improvements identified by the owner and approved by the Monitoring Agent |  |

If you are considering leasing or renting your home; refinancing your mortgage or obtaining a second mortgage; or making improvements to your home, **YOU MUST CONTACT YOUR MONITORING AGENT** (insert name, email address and phone number)

**If you do not obtain any required consent from the Monitoring Agent for any of the above, you may be required to pay** any rents, profits, or proceeds you receive from the transaction upon demand to the Municipality for its Affordable Housing Fund. The Monitoring Agent or Municipality may institute proceedings to recover such rents, profits or proceeds, and costs of collection, including attorneys’ fees. Upon recovery, after payment of costs, the balance will be paid to the Municipality for deposit to its Affordable Housing Fund.

In the event that the Monitoring Agent consents to any the lease, refinancing, or mortgage, it shall be a condition to such consent that all rents, profits or proceeds from the transaction, which exceed the actual carrying costs of the property as determined by the Monitoring Agent, will be paid to the Municipality for deposit to its Affordable Housing Fund.

The Affordable Housing Restriction may require that a Resale Fee be paid to the Monitoring Agent for its work required in connection with any resale of the home, as described below.

**III. Resale Requirements**

**When you sell your home, you are also required to give written notice to the Monitoring Agent and to MassHousing (Planning & Programs Department) of your desire to sell so that they may locate an Eligible Purchaser for the home.**

The allowed sale price is defined as the “Maximum Resale Price” in the Affordable Housing 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 your affordable home to the time of the resale plus:

* The Resale Fee as stated in the Affordable Housing Deed Rider
* Approved marketing fees, if any; and
* Approved Capital improvements, if any.

The Maximum Resale Price will never be more than the amount for which an Eligible Purchaser earning 70% of the area median income, as defined by a formula set forth in the Affordable Housing Deed Rider, could pay. The sale price will also never be less than the purchase price you paid, unless you agree to accept a lower price.

The Monitoring Agent will have 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 close on a sale to the Monitoring Agent or the Municipality or designee. This time period can be extended as provided in the Affordable Housing Deed Rider, to arrange for details of closing, 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 Monitoring Agent and MassHousing during the resale period. If an Eligible Purchaser fails to purchase the home and the Monitoring Agent or the Municipality or designee fails to purchase the home, you may sell the home to a purchaser who does not qualify as an Eligible Purchaser (this purchaser is referred to as an ineligible purchaser) subject to the following:

* the sale must be for no more than the Maximum Resale Price,
* the closing must be at least 30 days after the closing deadline described above,
* the home must be sold subject to the Affordable Housing Deed Rider, and
* if there are more than one interested ineligible purchasers, preference will be given to any purchaser identified by the Monitoring Agent as an appropriately sized household whose income is more than 80% but less than 120% of the area median income.

Any sale by you to an Eligible Purchaser, or to an ineligible purchaser (as described in the Affordable Housing Deed Rider), is subject to the normal and customary terms for the sale of the property which are set forth in the Affordable Housing Deed Rider and which will be included in your Purchase and Sale Agreement.

**There is no commitment or guarantee that an Eligible Purchaser will purchase your affordable home or that you will receive the Maximum Resale Price (or any other price) for the sale of your home.**

A sale or transfer of the home will not be valid unless (1) the total value of all considerations and payments of every kind given or paid by the selected purchaser do not exceed the Maximum Resale Price and (2) the Affordable Housing Compliance Certificate that confirms the sale or transfer was made in compliance with the requirements of the Affordable Housing Deed Rider is executed by the Monitoring Agent and/or MassHousing and recorded at the Registry of Deeds.

**If you attempt to sell or transfer the home without complying with the Affordable Housing Deed Rider requirements, the Monitoring Agent and/or MassHousing may, among their other rights, void any contract for such sale or the sale itself.**

**IV. Foreclosure**

If the holder of a mortgage delivers notice that it intends to commence foreclosure proceedings, the Affordable Housing 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 to 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 Affordable Deed Rider, you are agreeing that you will cooperate in executing the deed and 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 Agent and MassHousing, 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 Affordable Housing 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 Affordable Housing 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 mortgagee, 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 home. In addition, the foreclosing lender retains the right to pursue a deficiency against you.**

**V. Violation of Restriction Requirements**

If you violate any of the Restriction terms, you will be in default and the Monitoring Agent and/or Municipality may exercise the remedies set forth in the Restriction. If the Monitoring Agent and/or the Municipality brings an enforcement action against you and prevails, **you will be responsible for all fees and expenses (including legal fees)** for the Monitoring Agent and Municipality. The Monitoring Agent and Municipality can assert a lien against the home to secure your obligation to pay those fees and expenses.

**VI. Special Rules for Ineligible Purchasers**

If you are authorized to purchase the home but do not qualify as an Eligible Purchaser at the time of purchase, you do not need to occupy the home as your principal residence. However, you must obtain the consent of the Monitoring Agent to rent the home. The rules for rental by an ineligible purchaser are governed by the relevant subsidy program guidelines. In general, you may rent only to a tenant who would qualify as an Eligible Purchaser at a rent level deemed affordable according to MassHousing rental standards. **You should contact the Monitoring Agent for further details prior to renting your home**.

**VII. 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 Affordable Housing Restriction and understand the legal obligations that I undertake by signing that document.

You must contact your Monitoring Agent (Insert name, address and phone number) who will provide you with detailed information regarding your responsibilities as outlined in the Affordable Housing Deed Rider. You may also wish to seek legal advice.

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

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Witness Homebuyer

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Witness Homebuyer

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