



AN ACTIVE ADULT COMMUNITY
Methuen, Massachusetts



INFORMATION AND APPLICATION PACKAGE

Developed by

ALCRO Development, LLC

Marketing and Lottery Agent

Community Development Strategies

65 Boston Street, Somerville MA 02143

617-388-1331

Stone Castle

METHUEN

Overview and Introduction:

ALCRO Development, LLC is now constructing the third phase of an 89 unit active adult community on Tyler Road in Methuen. Under agreement with the City of Methuen, 23 of these units will be made available to moderate income households at below market prices.

This phase will include four (4) affordable units, priced at \$183,000 each. Residents of Methuen will be given a priority in the purchase of two (2) of these affordable units.

Each unit will be a detached condominium home with an attached two car garage located in a beautiful gated community surrounded by 23 acres of landscaped grounds and including an on-site clubhouse. There will be two unit models sold in this phase. One two-level unit and three single level ranch units will be available.

Each unit will two bedrooms and one bath. The two-level unit will be sold with an unfinished second floor space measuring 664 square feet that buyers can configure to suit their individual needs. Electrical and rough plumbing will be run to the second floor space. Individual buyers may wish to add bedrooms, home offices, workout or family rooms in this unfinished space, as appropriate to their needs.

All affordable units will have a "Deed Rider" that will be filed with the mortgage at the time of purchase. This deed rider restricts the price for which the unit can be resold and requires that subsequent owners will also have a household income of not more than 80% of area median income at the time of resale. This ensures that these homes will remain affordable in the long term.

Community Development Strategies, under contract with the developer, will accept applications and conduct a lottery for eligible applicants. The application and lottery process as well as the eligibility requirements are described in this document. An application with instructions is also included in this package.

Completed applications, with all supporting documents must be received by Community Development Strategies no later than July 30, 2010 at 5:00 p.m. Applications received after the deadline or which are not complete will not be eligible and will not be placed in the lottery.

Applications will be reviewed as they are received for completeness and every effort will be made to contact applicants by telephone and/or email to advise them of missing information. For this reason, applicants are **STRONGLY URGED** to submit applications as early as possible to ensure that they are received and are complete in time to be placed in the lottery.

Eligibility Requirements:

Age Restrictions:

Stone Castle is an active adult community and age restrictions do apply. In order to be eligible, at least one member of the applicant household must be age 55 or older. Children less than 18 years of age are not allowed to be permanent residents of Stone Castle. Children under 18 may not reside in a unit for more than six of any nine consecutive months.

Applicants for affordable units at Stone Castle need not be first time homebuyers, but must sell the home they currently own in order to purchase a unit at Stone Castle.

Income and Asset Eligibility

In order to be eligible to purchase a home at Stone Castle, annual income and assets must be within the guidelines listed below. There is no minimum income, but the applicant must be able to support a mortgage that is sufficient to purchase the affordable home.

Maximum Income

Eligible applicants must have a combined annual household income from all sources for all income-earning members of the household of not more than 80% of area median income, as defined by HUD and adjusted for household size. Income in most cases is defined as gross taxable income as reported to the IRS. According to the 2010 Income Guidelines released by HUD, 80% of the area median income for Methuen, MA and therefore the maximum allowable household income is as follows:

Household Size	Maximum Income
1	\$45,100
2	\$51,550
3	\$58,000
4	\$64,400
5	\$69,600

Maximum Assets

Applicants who are first-time homeowners may have total assets (including all liquid assets such as bank accounts, stocks and bonds, etc – but excluding retirement accounts that are not being drawn upon for income-- of not more than \$50,000.

For applicants who own homes (to be sold prior to purchasing an affordable unit at Stone Castle), the total allowable assets owned -- including equity in their current home may not exceed \$325,000.

Liquid assets include all cash, cash in savings accounts, checking accounts, certificates of deposit, bonds, stocks, and the value of real estate holdings as outlined above, as well as other forms of capital investment.

Restricted accounts, such as IRAs, 401(k)s, SEPs and pension funds will not be used to calculate total amount of assets, but will be used to calculate gross income, if a household member is currently drawing down from the account(s).

Imputed interest income from all accounts, including liquid assets home equity and restricted accounts, will be calculated by multiplying the total amount of assets over \$5,000 by .5% and adding that to the gross income.

Bonus pay, overtime pay or other compensation will be reviewed on a case-by-case basis. While it will be reviewed to determine income-eligibility, consideration will be taken if it was a one-time occurrence, or is not a regular occurrence, especially if it renders the household over the income eligibility guidelines. In this case, it could be determined that the household will remain income-eligible.

Financing

Applicants are required to submit, as part of their application, a **pre-approval** letter for a mortgage in an amount sufficient to purchase an affordable home at Stone Castle (but not less than 50% of the purchase price). **Note that pre-qualification letters will not be accepted to meet this requirement.**

This pre-approval letter must be issued by a bank or mortgage lender. **A letter from a mortgage broker will not meet this requirement.**

Household income should be sufficient to support at least 50% of the price of the home. Households cannot pay more than 50% of the purchase price in cash.

Households should have sufficient funds for a down payment and closing costs.

Non-household members are not permitted to be co-signers on the mortgage.

The Lottery:

The Lottery will be held on August 5, 2010 in Methuen at a location to be coordinated with the City. Applicants need not be present at the Lottery. All applicants will be notified by mail of their status immediately following the lottery.

Lottery Process

Applications received prior to the deadline will be pre-screened by CDS for completeness, income and age eligibility, and for minority and local preference status. Ineligible applicants will be notified of the reasons they are ineligible. Eligible applicants will be placed into the lottery pools for which they qualify (local preference and general). Eligible applicants will be notified regarding the preference pool(s) for which they qualify, their assigned application number to be used in the lottery, and any further information deemed necessary.

Lottery Pools and Local Preference.

There will be two pools for Stone Castle as follows:

Local Preference Pool – for current Methuen residents
General Pool – for all applicants

Applicants who qualify for the local preference will be placed in both pools.

Minority Participation and Local Preference:

After the application deadline and prior to the lottery, CDS will review the percentage of minority applicants in the local preference pool. Should the percentage fall below the 20% (19.9% rounded) minority population of the geographic area, a preliminary lottery will be held of minority applicants who do not have a local preference. In the order these are drawn, they will be added to the local preference pool until the percentage of minorities in the local preference pool meets the required 20% or all minority applicants have been placed into the local preference pool, whichever first occurs.

Minority households are identified in accordance with the regulatory classifications established by HUD: Native American or Alaskan Native; Asian or Pacific Islander; African-American; Hispanic/Latino: or Cape-Verdean.

Phase 3 Unit Distribution by Lottery Pool:

In Phase 3, two (2) affordable homes at Stone Castle have been set aside for applicants drawn from the Local Preference Pool. The remaining two (2) affordable units will be assigned to applicants drawn from the General Pool.

Applicants Selected to Purchase Affordable Homes

Applications will be drawn at the Lottery from each of the two Pools (Local Preference and General Pools) and will be numbered in the order they are selected. The first selected applicant will have the first opportunity to purchase a unit. Then the second selected applicant, until all Phase 1 units have been sold.

Applicants selected in the lottery must be certified eligible by CHAPA. This certification process is expected to take 2-3 weeks.

When notified that the unit is ready for sale, the applicant/purchaser will have ten days to sign a Purchase and Sales Agreement to be accompanied by a \$1,000.00 deposit. Once the P&S is signed, the buyers will have 45 days to obtain financing and close on the property. Selected applicants who are unable to proceed within those time frames will forfeit their right to purchase and the next applicant in the order selected by Lottery will be offered the unit. Sales will proceed in this manner until all units are sold.

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Disclosure Form

Please check and fill in the following items that apply to you

- I/We certify that our household is comprised of _____ (insert #) persons.
- I/We certify that our annual household income is \$_____ (Total income from all household members has been included)
- I/We certify that my/our total liquid assets do not exceed the asset limit, as defined in the application package.
- I/We certify that at least one member of our household is 55 years of age and that no member of our household is under the age of 18. (See application package for details).
- If applicable, I/We certify that we qualify as first-time homebuyers, as defined in the application package.
- If applicable, I/We certify that at least one member of our household qualifies under the Local Preference category.
- If applicable, I/We certify that at least one member of our household qualifies under the Minority Preference category.
- If applicable, I/We certify that at least one member of our household is disabled and requires a wheelchair accessible or adapted unit.

I/We certify that the information contained in this application is true and accurate to the best of my/our knowledge and belief under full penalty of perjury. I/We understand that perjury will result in disqualification from further consideration.

I/We understand that if selected in the lottery for Stone Castle , this does not guarantee that I/We will be able to purchase a home.

I understand that all application data will be verified and my qualifications will be reviewed in detail.

I/We understand that it is my/our obligation to secure the necessary mortgage for the purchase of the home and all expenses, including closing costs and down payments, are my/our responsibility.

I/We further authorize ALCRO Development, LLC. through it's Lottery and Marketing agent, Community Development Strategies as well as CHAPA, as Contract Monitor, to verify any and all income, asset and other financial information; to verify any and all household, resident location and workplace information and I/we direct any employer, landlord, or financial institution to release any information to Community Development Strategies and/or and consequently to the project's monitoring agency, for the purpose of determining eligibility for affordable units at Stone Castle .

I/We have completed an application and have reviewed and understood the process that will be used to distribute the available affordable homes at Stone Castle .

Applicant Signature

Date

Co-Applicant Signature

Date

**Please return this form with your completed application and all attachments to:
Community Development Strategies
65 Boston Street
Somerville, MA 02143**

Complete Application must be received by 5:00 p.m. July 30, 2010 in order to be eligible

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Description of Deed Restriction Provisions for Affordable Housing Units

You are buying an affordable home at a substantially discounted price. Because of this, there are requirements that the home remain affordable for future buyers of your property.

You will sign a “deed rider” which describes your responsibilities under this affordable housing program. The restrictions will apply to you and to all future buyers of your home.

ALCRO Development, LLC, Community Development Strategies, and CHAPA strongly urge you to review the deed rider with your attorney and lender and you should only complete the purchase if all of your questions have been answered and you are comfortable with the deed rider and the restrictions.

This document is intended to be informational only and it is not a substitute for independent legal advice.

A general description of important deed restrictions are as follows:

1. Principal Residence

The property must be your principal residence, where you regularly live, eat, sleep, are registered to vote, etc.

2. Leasing and Refinancing

You may not rent or lease your home without the prior written consent of the monitoring agency CHAPA (Citizens Housing and Planning Association). In addition, you must tell the monitoring agency if you are going to refinance your mortgage.

3. Notice to the as Monitoring Agency when Selling the Home

If you want to sell your home, you must notify CHAPA. This notice is called a Conveyance Notice in the Deed Rider. The notice must include the Resale Price Multiplier (explained below) and the maximum resale price. CHAPA must approve the maximum resale price.

4. Maximum Resale Price

If you choose to sell your home, there is a limit on the resale price. The maximum resale price is determined by the following formula:

The maximum resale price is determined using the Resale Price Multiplier, a figure calculated by taking the initial sales price and dividing it by the area median income.

For example, if the area median income in 2006 is \$80,000 and a family purchases an affordable home for \$165,000, the Resale Price Multiplier would be $\$165,000/\$80,000 = 2.06$.

Upon resale, the Resale Price Multiplier is multiplied by the updated area median income number to determine the maximum resale price.

For example, if that same family in the above example decides to sell their home 5 years later, the new area median income could have increased to \$85,000. The maximum resale price would be $\$85,000 \times 2.06 = \$175,100$.

In addition, the Monitoring Agency receives a resale fee that can be added to the maximum resale price. The fee is equal to 2.5% of the new area median income for the area multiplied by the Resale Price Multiplier.

In this example, the resale fee would be $\$85,000 \times 2.5\% = \$2,125 \times 2.06 = \$4,377.50$. This fee can be added to the maximum resale price for a new price of \$179,477.50.

Additionally, capital improvements made by the owner (such as a new roof) can also be added to the maximum resale price. Please note that you should contact CHAPA prior to making capital improvements. They will certify the value of the improvement and ensure that it is documented so that you get credit when you sell your home.

There is no guarantee that you will be able to sell your house for the maximum resale price. You could receive an offer for less than the maximum resale price.

5. Resale Process

Once the monitoring agency, receives the notice to sell, they have 90 days to find an eligible homebuyer (a first-time homebuyer whose income is at or below 80% of the area median income and who meets the asset limit). The City of Methuen can also decide within those 90 days to purchase the home. The monitoring agent may ask you to hire a broker to help with the resale.

If the monitoring agency 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 purchases your home, a Municipal Purchaser Certificate is issued.

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

If 120 days pass from the date of the conveyance notice and the monitoring agency cannot find an eligible buyer and the City does not want to purchase the home, you have up to 6 months to sell your home on the open market at 95% of the appraised value (determined by an appraiser and approved by the monitoring agency). However, any gain you make above the maximum resale price will be paid directly to the town's Affordable Housing Trust. You cannot keep the additional gain.

Upon receipt of the additional funds gained, the town will issue a Compliance Certificate that states that the town received the funds. This is given to the new buyer and is recorded. This certificate releases the new buyer from any further obligations with respect to the deed rider and its restrictions for resale.

6. In Cases of Foreclosure

If you do not pay your mortgage on time, or if you fall behind on payments, your bank or mortgage company has the right to take your home by foreclosing on the mortgage.

In the case of foreclosure, the bank or mortgage company that holds your mortgage should notify the town 60 days before foreclosure proceedings begin or before the bank accepts the home in lieu of foreclosure.

During that 60 day period, if it is determined that the remaining principal balance of the mortgage does not exceed the calculated maximum resale price, then the deed rider restrictions do not apply to any new buyer that purchases the foreclosed home. Also during that 60 day period, the City can decide to purchase the home for the

greater of the remaining principal mortgage balance or the calculated maximum resale price.

If the property is foreclosed upon and sold for a price higher than either the remaining principal balance or the maximum resale price (whichever is higher) then the excess should be paid to the City for its Affordable Housing Trust.

For more information, contact:

Dana LeWinter

CHAPA

617-742-0820

dlewinter@chapa.org

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Signature of Understanding Deed Rider Affordability and Resale Restrictions

I/We have read the summary of resale restrictions for Stone Castle Methuen Development and agree to the restriction. I/We have been advised that a copy of the Deed Rider is on file at the following locations and available for my/our future review during normal business hours:

- ◆ Methuen Office of Economic and Community Development, Searles Building, Room 213, 41 Pleasant Street, Methuen
- ◆ Nevins Library, 305 Broadway, Methuen

I/We also understand that, if selected in the lottery to purchase a unit, a full copy of the Deed Rider will be provided to me/us.

Applicant Signature

Date

Co-Applicant Signature

Date

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Application Instructions

To enter the Lottery for an affordable home at Stone Castle , an applicant must submit a complete Application Package prior to the deadline.

Complete Application Package:

A complete application package shall consist of the following:

- ◆ A completed and signed Application Form
- ◆ A completed and signed Disclosure Form
- ◆ A signed Deed Rider Signature of Understanding Form
- ◆ All Required Documentation
 - Income Documentation for all household members
 - Proof of Age qualification
 - Proof of Eligibility for a Local Preference (if applying for Local Preference)
 - Documentation of Assets for all household members
 - Verification of full-time student status (if applicable) for Household members over 18 years of age
 - Complete tax returns for the most recent three years with all schedules and attachments (including W2 forms, 1099's etc.)
 - A Pre-approval letter from a bank or mortgage company for a mortgage sufficient to purchase an affordable home at Stone Castle . (Note that a Pre-qualification letter is not acceptable and that letters from Mortgage Brokers will not meet this requirement).
 - Evidence that sufficient funds are available to cover down payment and closing costs.

The following sections will provide guidance in completing and submitting an eligible application. Applications that are not complete or not eligible will not be entered in the Lottery. For this reason applicants are strongly urged to contact the Paula Stuart at Community Development Strategies (the Marketing and Lottery Agent for Stone Castle) for guidance if there are any requirements you do not understand.

Paula Stuart can be reached by phone at 617-388-1331 or by email at paulastuart@comcast.net.

Instructions:

Application Form:

The Application Form on the following pages in printed form and the other forms included within this Information and Application Package are also available in **electronic form**.

Applicants may either use the printed forms in this package to fill in and sign (please print neatly), or for those who prefer to fill in the application via computer, you may request that an electronic copies of the forms be emailed to you.

There is no charge for receiving the electronic copy via email. If you do not have access to email, you may request a copy of the electronic version be provided to you via 3.5 inch diskette or Compact Disc for a fee of \$5.00 (to cover production and mailing costs).

To obtain electronic copies of the forms by email, send an email request to: paulastuart@comcast.net Please type "Electronic Application – Stone Castle " in the subject line of your email.

To obtain electronic copies of the forms by mail, send a check or money order (DO NOT SEND CASH) in the amount of \$5.00 made out to Community Development Strategies and mail to:

Community Development Strategies
65 Boston Street
Somerville, MA 02143

Specify whether you wish to receive the forms on a diskette or a CD.

If you fill in the forms electronically, THEY **MUST** BE PRINTED, SIGNED AND SUBMITTED AS PART OF THE COMPLETE APPLICATION PACKAGE. Electronic copies of the application will NOT be accepted. The electronic application form is in Microsoft Excel format. and you must have that software in order to open the application file.

If you fill in the electronic copy of the application form, data you must enter is in YELLOW. Areas in green will automatically be calculated for you.

Application Form

Part I of the application form collects information about the Applicant Household. Please provide the requested information. Applicant is the Head of Household. Co-Applicant is the spouse or co-owner (another name on the deed for the property). Additional Household members include every person who will live in the affordable home as a member of the household. The Applicant's name goes on the first line. Social Security Numbers and Birthdates are required for each household member. Describe the Relationship to the Applicant for each household member (for example: Wife, Son, Daughter, Mother, Nephew, etc.)

Part II of the application allows the applicant to claim a Local Preference. To be eligible for a local preference, at least one member of the household must be a resident of Methuen at the time the application is submitted, and proof of this must be provided (for example, for a current resident proof of residency would be in the form of a current utility bill, copy of city census listing, local real estate tax bill, etc.). If you have a question about what proof to submit, please call Paula Stuart at 617-388-1331 and ask. Check the box and list the household members who qualify by name. If the entire household qualifies for the local preference you may just write “All” for the household members’ names.

Part III of the application is optional, and designed to capture racial data on applicant households. You need not fill in this section. However, if you are a minority household (at least one household member falls into the listed minority categories) and do not qualify for a Local Preference, and the applicant pool that is eligible for a Local Preference does not equal or exceed the minority population of the area, a special pre-lottery drawing from among minority applicants will be held to add minority applicants to the Local Preference pool until the minority percentage of the Local Preference pool equals the percentage within the geographic area. For non-resident minority applicants, providing this information **may** increase your chances of purchasing an affordable home at Stone Castle.

Part IV of the application is designed to certify the applicant household is eligible under the definition of “first time homebuyer” as outlined in the information package (if this is the case – it is not necessary to be a first time homebuyer for this lottery, provided you plan to sell the home you own to purchase your home at Stone Castle).

Part V of the application captures income data for the applicant household. Page two of the application captures information about the Applicant and Co-Applicant. Please fill in the requested information in the appropriate spaces. A section for the full-time occupation and income for the applicant and co-applicant is provided, as well as an additional section to capture additional income from a part time job, alimony or child support, retirement or investment income, etc. Page three provides additional space for information about incomes of additional household members (or can be used for additional income source of the applicant and co-applicant, if necessary). You must provide documentation of all income (see the application form and the checklist at the end for guidance). Please provide documentation that is current with the application date (most recent time period). Should you have any questions, please contact the Paula Stuart at CDS for guidance before submitting your application.

Part VI of the application captures information about household assets. Assets include liquid assets such as cash in savings and checking accounts, real estate owned, investment accounts (stocks, bonds, mutual funds, etc.). Please indicate in whose name(s) each account is held. If it is an interest-bearing account (such as a savings account) show the interest rate (example: if your savings account pays 2.5% interest, list 2.5 in the column for interest rate). The current balance should include the principal balance (or value if a non-cash asset) as of the most recent statement. Please include documentation as outlined in the application package and checklist.

Part VII of the application should be filled out regarding members of the applicant household who are over 18 years of age and registered as full-time student in a school or

college. Please include a letter from the educational institution showing that the household member is a full time student, and the anticipated graduation date.

Part VIII of the application is for signatures and certifications by the Applicant and Co-Applicant. Please read the certification statements and sign this page. The page also contains a list of documentation that must be submitted with the Application Form to comprise a complete application. Check off those items included (some may not apply if, for example, you are not claiming a local preference, you need not submit proof of eligibility).

Part IX of the application is not for the applicant to complete, but will be used by Community Development Strategies, as the developer's Marketing and Lottery Agent, to pre-screen applications for eligibility and inclusion in the Lottery.

Disclosure Form

Please check off all applicable items and sign the Disclosure form included in the Information and Application Package. Include the signed form with your application.

Deed Rider Signature of Understanding Form

Please carefully review the Deed Rider description information included in the information package and sign the Deed Rider Signature of Understanding form. Include the signed form with your application.