

ARLINGTON * CHELSEA * EVERETT * MALDEN * MEDFORD * MELROSE * REVERE * WINTHROP

NORTH SUBURBAN CONSORTIUM

maldenredevelopment.com (North Suburban Consortium/Down Payment Assistance)



FIRST TIME HOME BUYER DOWN PAYMENT ASSISTANCE LOAN PROGRAM

Malden Redevelopment Authority
Representative Member and Agent for
North Suburban Consortium
17 Pleasant Street, Third Floor
Malden, MA 02148
Mailing Address: P.O. Box 278
Malden, MA 02148

(tel) 781-324-5720

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7/19/17

Overview...

North Suburban Consortium (NSC) offers First Time Home Buyer (FTHB) Down Payment Assistance loans to income-eligible applicants purchasing a condominium, townhome or single-family property in one of the eight NSC communities. Down Payment Assistance loan can be used for down payment assistance and customary closing costs. However, it cannot be used for: reimbursement for previously paid earnest money down payment; funding monthly housing payment reserves requirements; prepayment of life insurance premiums; or to bridge the gap between purchase price and appraised value. **Applicant cannot receive cash back at closing.** Applicant's primary mortgage lender must fund the NSC FTHB Down Payment Assistance loan amount at closing and the mortgage lender will be reimbursed after closing.

Loan amount: **up to \$7,500.00 for a non-subsidized property; up to \$3,000.00 for a HOME subsidized property** (*loan amount determined at completion of NSC underwriting process*). NSC FTHB Down Payment Assistance is a 0% interest, no monthly payments, five (5) year term loan. Owner must live in the property as their primary residence.

The NSC does not subordinate Down Payment Assistance loans. If an owner refinances, sells or no longer resides in the property before the end of the loan term, they will be required to repay a pro-rated portion of the loan. Each year, on the loan anniversary date, 20% of the original loan amount is forgiven. After five (5) years, the loan is completely forgiven and the NSC will provide the owner with a discharge of mortgage for recording at the appropriate registry of deeds.

How Do I Qualify?

1. Primary Mortgage Financing: Applicant must obtain primary **fixed interest rate** mortgage financing from a lender. [Massachusetts Housing Partnership ONE Mortgage Program](#), [Mass. Housing Mass Advantage](#), VA and FHA loans are all approved mortgage products. Applicant should contact banks for pre-approvals and to obtain primary mortgage financing. (*Primary mortgage lender must fund the NSC FTHB Down Payment Assistance Loan amount at closing; the lender will be reimbursed upon NSC's receipt of original executed NSC Promissory Note and copies of recorded NSC Mortgage and closing Settlement Statement.*). Information about mortgage products, resources, buying a home, lenders and home buyer counseling can also be found on [My Mass Mortgage](#) and [HUD Homeownership Assistance](#) websites.

2. Home Buyer Counseling: Applicant is required to attend a FTHB counseling workshop. The NSC sponsors workshops by Medford Community Housing and Chelsea Restoration Corporation. For information on these and other workshops, check [CHAPA's counseling workshop website](#).

3. Income Qualifications: Applicant's combined household income (gross income) must fall at or below the income limits set by the U.S. Department of Housing and Urban Development (HUD). Income from all household members 18 years of age or over must be included, however, in certain circumstances, full time students' income may be excluded. Income limits are:

HUD Income Limits 80% Median Family Income (MFI) (effective April 14, 2017):

1 person household: \$54,750.00	2 person household: \$62,550.00
3 person household: \$70,350.00	4 person household: \$78,150.00
5 person household: \$84,450.00	6 person household: \$90,700.00
7 person household: \$96,950.00	8 person household: \$103,200.00

4. Other Qualifications: The property purchased cannot exceed the following **Purchase Price Limits** (*effective March 1, 2017*).

Existing or New Housing

- *Revere, Chelsea, Winthrop (Suffolk County): 1 Unit - \$397,000.00*
- *Malden, Medford, Melrose, Arlington, Everett (Middlesex County): 1 Unit - \$376,000.00*

Asset Limits: Applicant cannot have more than \$75,000.00 in liquid assets. Liquid assets include stocks, bonds, CDs, as well as cash, savings and trust funds (retirement accounts are not included).

Credit Score: Applicant must have a minimum credit score of **620** for a condominium, townhome or single-family property purchase. If there is more than one applicant, the average of the applicants' credit scores must be a minimum of **620**.

Inspection: A housing quality standards inspection will be completed - at no cost to the applicant - to ensure the property meets state and federal housing codes.

Housing-to-Income Ratio ("HTI"): Applicant can have a **maximum HTI of 35%** for a condominium, townhome or single-family property purchase. The HTI is the ratio of the applicant's complete monthly mortgage payment consisting of principal, interest, taxes, insurance and condominium fee ("PITI") to the applicant's total monthly household income. (Primary mortgage lender will issue a truth in lending disclosure or similar document which clearly shows the PITI payment.)

Debt-to-Income Ratio ("DTI"): Applicant can have a **maximum total DTI of 50%** for a condominium, townhome or single-family property purchase. The total DTI includes other debt such as student loans and consumer debt in addition to housing debt.

Sufficient Cash Reserves (post-closing): Applicant must have sufficient cash reserves on hand, including the amount of down payment assistance offered, to pay two months of PITI.

How Do I Apply?

Complete the NSC FTHB Down Payment Assistance Loan Application. Contact the NSC community representative (contact information below) to make an appointment to submit completed application and required documentation - by mail or hand delivery - no emails accepted. ALL documents listed below must be submitted with completed application unless it is noted that the document will be prepared by the NSC or will be signed at closing.

- Signed Purchase and Sale Agreement
- [Voluntary Sale Disclosure](#) (to be signed by Seller prior to signing Purchase and Sale Agreement)
- [Right to Withdraw](#) (to be signed by Seller if Purchase and Sale Agreement has been signed)
- Evidence of permanent resident alien status or legal alien status, if applicable, for applicant, co-applicant and all other household members age 18 or older
- [Authorization for Release of Information Form](#) (a separate form must be completed by applicant, co-applicant and all other household members age 18 or older)
- Primary (fixed interest rate) mortgage financing Loan Application
- Primary (fixed interest rate) mortgage financing Commitment Letter from qualified lender
- Form 1008 Uniform Loan Transmittal Summary issued by applicant's primary mortgage lender
- Truth in Lending Disclosure or similar document issued by applicant's primary mortgage lender (detailing PITI)
- Complete credit report (or credit reports if more than one applicant)

- Certificate from FTHB counseling workshop (**not more than two years old**)
- If self-employed, copies of current year-to-date profit and loss statement and copies of 3 years federal tax returns (**ALL** schedules)
- Copies of 3 years most recent federal tax returns (**ALL** schedules) and 3 years W2s (**ALL** employers) for applicant, co-applicant and all other household members age 18 and older
- Copies of 3 months most recent statements for **ALL** accounts including stocks, bonds, CDs, cash, savings, trust funds for applicant, co-applicant and all other household members age 18 and older
- Copies of 3 months most recent statements for **ALL** 401Ks, IRAs, stocks, bonds, retirement/pension accounts for applicant, co-applicant and all other household members age 18 and older
- Copies of 3 months most recent paystubs (**ALL** employers) for applicant, co-applicant and all other household members age 18 and older
- Copy of current Social Security award letter(s), including disability income, if applicable, for applicant, co-applicant and all other household members age 18 and older
- Proof of "other" income sources including alimony, child support, welfare assistance, etc., for applicant, co-applicant and all other household members age 18 and older
- Divorce decree, if applicable
- [Zero Income Affidavit](#) (a separate affidavit must be completed by every household member age 18 and older who has no income)
- [Liquid Asset Certification](#)
- [IRS Certification](#) AND [Form 4506-T](#)
- [Housing Quality Standards \(HQS\) Disclosure](#)
- HOME Written Agreement (NSC will prepare - applicant to sign when NSC Commitment is issued)
- Recapture Agreement (NSC will prepare - applicant to sign when NSC Commitment is issued)
- [Promissory Note](#) (to be signed at closing)
- [Mortgage](#) (to be signed at closing)

Upon approval...

Upon approval, applicant will receive and be required to sign:

- Commitment Letter for NSC FTHB Down Payment Assistance loan.
- Recapture Agreement acknowledging that the NSC FTHB Down Payment Assistance loan amount can be recaptured if the property is refinanced, sold or transferred within **five (5) years**.
- HOME Written Agreement evidencing that the household and property complies with all of HUD's standards.

At closing, applicant must execute NSC Mortgage and Promissory Note for the full amount of the NSC FTHB Down Payment Assistance loan. NSC will provide closing attorney/settlement agent with NSC Mortgage and Promissory Note (the NSC Mortgage and Promissory Note can be also be downloaded from the MRA website www.maldenredevelopment.com/content/down-payment-assistance).

NSC Community Representatives

Malden:	Maureen Taylor 781-324-5720 x 5730, mtaylor@maldenredevelopment.com
Medford:	Ashley Williams 781-393-2480, awilliams@medford.org
Arlington:	Julie Wayman 781-316-3094, jwayman@town.arlington.ma.us
Chelsea:	Bethany Rosa 617-466-4180, brosa@chelseama.gov
Everett:	Al Borgonzi 617-394-2313, alfred.borgonzi@ci.everett.ma.us
Melrose:	Erin Heacock Zwirko 781-979-4193, ezwirko@cityofmelrose.org
Revere:	John Festa 781-286-8194, jfesta@revere.org
Winthrop:	Joe Domelowicz 617-846-1077, jdomelowicz@town.winthrop.ma.us

Lender and Closing Attorney/Settlement Agent Information

For lender reimbursement, closing attorney/settlement agent must submit the following to the Malden Redevelopment Authority:

By USPS to Malden Redevelopment Authority, P.O. Box 278, Malden, MA 02148 ATTN: HOME Program Director

By UPS, FedEx or by hand to Malden Redevelopment Authority, 17 Pleasant Street, 3rd Floor, Malden, MA 02148 ATTN: HOME Program Director

Original NSC Promissory Note

Copy of Recorded NSC Mortgage

Copy of closing settlement statement (showing the NSC FTHB Down Payment Assistance Loan amount)

If the property being purchased will be subject to a NSC affordable covenant ("covenant"), the NSC will provide the covenant to the closing attorney/settlement agent. The covenant should be signed by buyers at closing for recording at the registry of deeds by the closing attorney/settlement agent and a copy of the recorded covenant should be returned to the MRA along with the NSC FTHB Down Payment Assistance Loan documents. *Note: Recapture Agreement not necessary if the property is subject to an affordable covenant.*