

# *Information Packet*

## St. Louis Schoolhouse

Fall River, MA

### An Affordable Housing Lottery

Facilitated on behalf of McPherson Properties, LLC

This packet contains specific information on the affordable housing program as well as background, eligibility requirements, selection priority categories, and application process for the affordable homes being offered through this lottery for St. Louis Schoolhouse in the City of Fall River.

St. Louis Schoolhouse and the City of Fall River invite you to read this information and submit an application if you think that you meet the eligibility requirements. This lottery is the first step in the application process and does not assure you a unit.

**The affordable homes should be ready for occupancy in the Summer of 2025.**

**APPLICATIONS MUST BE DELIVERED BY MAY 20<sup>TH</sup>, 2025, TO SEB HOUSING**

Please see the cover page of the application for the location where the application can be mailed, emailed or faxed. This information is also on the signature page of the application.

Additional Applications available at:

**[www.sebhousing.com](http://www.sebhousing.com)**

Phone: (617) 782-6900 x2 (voicemail)

Email: [info@sebhousing.com](mailto:info@sebhousing.com)

**Free Translation Available**

**Traducción gratuita disponible**

*Information Packet created by SEB Housing*



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# GENERAL OVERVIEW AND SALES PRICES

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This is a lottery for the eighteen (18) affordable 1-bedroom and 2-bedroom units located within St. Louis Schoolhouse, a renovation of an existing school building in Fall River. Nine (9) of these units will be sold at affordable prices to households with incomes at or below 80% of the area median income (AMI), and Nine (9) of these units will be sold at affordable prices to households with incomes at or below 100% of area median income (AMI). Affordable homes are expected to be ready starting in the Summer of 2025. Units will feature LED recessed lighting with smart wi-fi light switches, mini split AC units, on demand hot water system, a video doorbell system, high end counter tops, contemporary cabinet design, in unit washer and dryer appliances, floating vanities, and more. The community will feature bike storage, security camera system, a mail and storage room, trash chute system, conference room and co-working space, elevator, an elevated outdoor balcony for common use, and 18 parking spaces. The affordable unit mix is as follows:

# of Affordable Units	Affordable Sales Price	AMI Tier	Monthly HOA Fees*	Bedrooms	Bathrooms	Parking Spots	Square Footage <i>*(subject to change during construction)</i>
4	\$188,508	80%	\$247	1	1	One surface spot	520-663 sq.ft
5	\$233,213	100%	\$329	1	1	One surface spot	696-927 sq.ft
5 (1 ADA unit)	\$212,075	80%	\$278	2	1	One surface spot	810-833 sq.ft
4	\$262,520	100%	\$369	2	1	One surface spot	794-1,026 sq.ft

\*Condo fees will cover the cost of parking and building maintenance, which includes maintenance of fire sprinklers and alarms and elevator and chair lift, garbage removal, snow shoveling, cleaning and repairs, landscaping, and insurance.

All affordable units will have two Deed Riders for a combined term of thirty (30) years that will be filed with the deed at the time of purchase. In years 1-15 after initial sale, this Deed Rider limits the amount that the unit can be resold for, and requires that the home be sold to an income-qualified, first-time homeowner. In years 16-30 after the initial sale, the Deed Rider does not restrict the re-sale price, but does require equity sharing with the public funders, and no buyer restrictions or qualifications apply. We recommend that potential buyers review the Deed Riders with an attorney so as to fully understand its provisions. For more information on the Deed Riders and resale restrictions, please see the Deed Rider Summary in the last section of this Information Packet.

Since it is anticipated that there will be more interested and eligible applicants than available units, the Developer will be sponsoring an application process and lottery to rank the eligible applicants for the program. The application and lottery process, dates, and eligibility requirements can all be found within this Information Packet.

St. Louis Schoolhouse does not discriminate in the selection of applicants on the basis of race, color, national origin, disability, age, ancestry, children, familial status, genetic information, marital status, public assistance reciprocity, religion, sex, sexual orientation, gender identity, veteran/military status, or any other basis prohibited by law. Persons with disabilities are entitled to request a reasonable accommodation in rules, policies, practices, or services, or to request a reasonable modification in the housing, when such accommodations or modifications may be necessary to afford persons with disabilities an equal opportunity to use and enjoy the housing.

# GENERAL ELIGIBILITY REQUIREMENTS

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**Q: Who is eligible to apply for the affordable units?**

A: In order to qualify for an affordable unit, households must meet each of the following criteria:

- Everyone in the household must qualify as a “first time homebuyer”. Households who qualify for the homeowner exception (see below) must have sold the home prior to submitting a lottery application.
- The entire household’s income and assets must be below the maximum allowable income and asset limits (see pg. 6)
- Households must be pre-approved for a mortgage (see pg. 9)
- Households, or their families, cannot have a financial interest in the development and a household member cannot be considered a Related Party.

**Q: Who is a “first-time home buyer”?**

A: A person is a “first-time homebuyer” if no person in his or her household has, within the preceding three years, had an ownership interest in a principal residence, including through joint ownership. Exceptions may be made in the following instances:

1. A displaced homemaker: A displaced homemaker is an individual who is an adult who meets ALL the following criteria:

- Has not worked full-time, full year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family
- Owned a home with his or her partner or resided in a home owned by the partner
- Does not own the home previously owned with a partner
- Is divorced from the spouse

2. A single parent, where the individual owned a home with his or her partner or resided in a home owned by the partner and is a single parent (is divorced from a spouse and either has 1 or more children of whom they have custody or joint custody, or is pregnant).

3. A household that owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure, or a household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.

**Q: What are the income and asset eligibility requirements?**

A: Please see the following pages for the details on allowable household income and assets.

**Q: If I meet one of the first-time homebuyer exceptions listed on page 4, can I currently own a home?**

A: No. While households meeting the above exceptions may have owned a home within the preceding three years, they cannot own a home at the time of applying for the lottery. If a household owns their home at the time of lottery application, they will be ineligible for this lottery. If a household who meets one of the first-time home buyer exceptions sells their home, they are free to apply later once the home has been sold, however, there is no guarantee that a unit will be available.

**Q: Does my divorce have to be finalized when I apply?**

A: If you are not a current homeowner, your divorce does not need to be finalized when you *apply for the lottery* but it must be finalized *before you are permitted to reserve a unit* (see the Step-by-Step details). You will not be allowed to reserve an affordable home until your divorce is complete because the terms specifying the allocation of assets and custody of children must be finalized so that your income and asset eligibility can be accurately reviewed. If you have only filed for divorce when it comes time to purchase an affordable home and you haven't finalized your divorce, you will not be allowed to purchase a home at that time. Also note that if you currently own a home with your current spouse at the time of application, you will not be eligible for the lottery, regardless whether the divorce is subsequently finalized in the allotted time.

**Q: If I reserve a home and then a home that was not available when I was selecting my home becomes available, can I “switch” my home for this newly available home?**

A: No. If you are given the opportunity to reserve a home, you are allowed to pick from the units available to households on the waitlist from which you were invited. An invitation does not entitle you to pick any unit that may become available at any point in the future (specifically because another household was unable to close). Once you have reserved your home, you may not swap that unit for another unit.

**Q: Do I have to be a resident of Fall River to apply?**

A: No. All households that meet the eligibility guidelines specified above may apply for an affordable apartment, however, for some of the units, households who qualify for local preference will receive a priority as compared to similarly situated households who do not qualify for local preference. See the Waiting Lists for further explanation.

# MAXIMUM INCOME AND ASSET LIMITS

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**Q: How is a household's income determined?**

**A: A household's income is the total anticipated amount of money received by ALL members of the household over the next 12 months** (starting from the date of application and projecting forward 12 months) based on their current income and assets. In an effort to provide as accurate an income estimation as possible, the Lottery Agent will also review historical income data to provide a basis for future income estimates. Any monies you anticipate receiving in the next 12 months will be counted as income and monies received over the previous 6 months will be analyzed to help estimate future income. This includes, but is not limited to, Social Security, alimony, child support, overtime pay, bonuses, unemployment, severance pay, part-time employment, matured bonds, monies to be received in court settlements, and actual or imputed interest and dividends on bank accounts and other assets. **ALL SOURCES OF INCOME ARE COUNTED** with the exception of income from employment for household members under the age of 18 and any income over \$480/year for full time students who are dependents (but note that all such income must still be documented even if it is exempt from the household income calculation).

It will be assumed that all applicants will continue to receive any monies they have received over the past 12 months unless supporting documentation proves otherwise. It is also not up to the household to determine what monies received over the past year should and should not be counted as their calculated income. Therefore, all monies should be listed on the application and the inclusion of these monies in determining a household's eligibility will be based on affordable housing guidelines.

Households must submit their 3 most recent tax returns for proof that they have not owned a house that was their principal residence within the past three years.

## Maximum Allowable Income

To be eligible to apply for purchasing an affordable unit, the combined annual income for all income sources of all income-earning members in the household must be at or below eighty percent (80%) or one hundred percent (100%) of median income for the local area (Providence-Fall River FMRA). The maximum incomes allowed for this program are:

# of Household Members	80% Income Limit	100% Income Limit
1	\$62,950	\$78,680
2	\$71,950	\$89,920
3	\$80,950	\$101,160
4	\$89,900	\$112,400

## **Approximate Minimum Income**

While there is no specific minimum income, all households must qualify for a mortgage loan to purchase an affordable unit. The minimum income limits to qualify for a mortgage will be determined by a lender/bank. All applicants must have a mortgage pre-approval at the time of application to be considered eligible for this lottery. The mortgage requirements are listed on page 9 of this information packet.

*For more information on mortgages, see pg. 9.*

## **Asset Limits**

**All households, with the exception of current recipients of HUD assistance, shall not have total gross assets exceeding \$150,000 in value.** Household Assets are calculated at the time of application. Any monies you would use as a future down payment on the home will still be counted as assets. Assets may include cash, cash in savings and checking accounts, net cash value of stocks, equity in real property, bonds, and capital investments. Assets do **not** include up to \$250,000 held in any IRS-recognized retirement plan (such as an IRA, Roth IRA, 401(k) Plan, 403(b) Plan, or other IRS-recognized private or government employer retirement plan or retirement plans for self-employed individuals). Current recipients of HUD rental assistance and residents of federally assisted public housing are exempt from the asset limit.

**Q: Are there eligibility exceptions for households that are barely over the income limit but considerably under the asset limit (or vice versa)?**

**A:** No. All households must be under BOTH the income limit and the asset limit. Eligibility isn't based on only one or the other.

# MORTGAGE PRE-APPROVAL STANDARDS

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Immediately after reading this entire Information Packet, all households should apply for mortgage pre-approval. *Mortgage pre-approval is required with the application.* Households can apply with any lender but the pre-approval must meet the following standards:

## Mortgage Standards

- The loan must have a fixed interest rate through the full term of the mortgage.
- The loan must be a conforming loan at industry-standard rates
- The buyer must provide a down payment of at least 3%.
- If Heads of Household are not married, the names of all Heads of Household must be on the Mortgage
- Households must complete homeownership counseling prior to closing and pay closing costs or obtain financial assistance toward same.

**Note:** Applicants for 80% AMI units who have not owned a home in the past three (3) years **may** be eligible for a loan/grant of up to \$10,000 from the City to assist with a down payment. Interested households are encouraged to contact: [CDA@fallriverma.gov](mailto:CDA@fallriverma.gov) or 508.679.0131 to see if they may be eligible.

We strongly encourage households to apply through banks who are aware of the resale restrictions and guidelines for affordable housing programs. These banks will likely be aware of additional first-time homebuyer programs that may be of great assistance such as the Massachusetts Housing Partnership's ONE Mortgage. The following lenders ([www.mhp.net/one-mortgage/why-one#find-lender](http://www.mhp.net/one-mortgage/why-one#find-lender)) are familiar with the process and the mortgage requirements and should be happy to help you with questions or pre-approvals.

Households will need to bring the copy of the EXAMPLE Deed Riders to their lender. A copy can be downloaded directly off our website at [www.sebhousing.com](http://www.sebhousing.com). *All lenders will be made aware of the resale restrictions regardless of whether you tell them up-front or not.* The Deed Riders are a document that will be signed at the closing. Therefore, it is in all households' best interest to show all lenders a copy of the Deed Rider when applying for a mortgage. Otherwise, they may find a lender who grants pre-approval but backs out at the time of purchase once they are made aware of the resale restrictions, thus eliminating the opportunity to buy an affordable unit. Lender will ask you for association fees and taxes. The condo fees can be found on page 3. **Taxes are assessed to the affordable price (not the market-rate equivalent).**

Prior to closing, households will need to complete a final certification where they will need to provide verification that they have completed a first-time homebuyer class. Those classes fill up quickly so we recommend that you book that class soon. You can find available classes here: <https://www.mymasshome.org/homeownership-education-calendar>

**Q: Can a non-household member co-sign on the mortgage?**

**A:** No. Only members of the applying household can sign on the mortgage. All monies gifted to household members to assist in down-payment or other costs will be counted as household assets.



# HOMEBUYER PREFERENCES

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After the lottery drawing, waiting lists will be created to establish an order of priority which dictates the order in which households will be invited to purchase a unit. When creating the waiting lists, preferences will be given to “**Disproportionately Impacted Households**,” which include:

- (i) Households who have an annual income at or below 80% of Area Median Income for the location of the project;
- (ii) Households who live in Qualified Census Tracts (see **Lottery Application** for instructions on how to determine whether you live in a Qualified Census Tract);
- (iii) Households who live in any of the following Cities or Towns: Boston, Attleboro, Barnstable, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Revere, Salem, Springfield, Taunton Westfield, Worcester, Framingham, or Randolph.

On some of the Waiting Lists, households who qualify for Local Preference will also be given a priority. Households qualify for Local Preference if they live in Fall River, work in Fall River, or have children attending the Fall River school system.

# STEP-BY-STEP PROCESS AND TIMELINE

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**Q: What is the application, selection, and move-in process for the affordable units being offered in St. Louis Schoolhouse?**

**A:** The process is essentially a two-step process. The following pages explain each step in greater detail.

**The first steps** all involve qualifying for the Affordable Housing Program and being given a position on the Waiting Lists.

**The second steps** all involve the actual process of reserving and buying a home (and unit availability will be determined by your position on the Waiting Lists).

**Step 1a: Applying for the Housing Program**

*Through May 20<sup>th</sup>, 2025*

**Step 1b: The Lottery**

*June 3<sup>rd</sup>, 2025*

**Step 1c: Waiting List**

*Within 3 days of the Lottery*

**Step 1d: Monitoring Agent Approval**

*Approximately 15-30 days*

**Step 2a: Unit Selection and Reservation Agreement**

*Households given approx. 3 days after Monitoring Agent Approval*

**Step 2b: Sign Purchase & Sale Agreement**

*Takes approximately 10 days after the Reservation Agreement has been signed*

**Step 2c: Obtain Mortgage Commitment**

*Most banks take approx. 30 days to provide a mortgage commitment*

**Step 1e: Final Review for Program Eligibility**

*This is done 3 weeks prior to the closing date*

**Step 2d: Closing and Move-in**

*First units ready in Summer of 2025*

**Public Info Session**

During this information session, questions about the application process, lottery, and development can be addressed directly. It will be held on April 28th at 6:00 pm via Zoom. Go to [zoom.com/join](https://zoom.com/join) or call (646) 558-8656 and enter Meeting ID: 818 9317 7595, Passcode: 088159.

**Attendance is not required at Info or Lottery sessions. To view the recorded sessions at a later date, please search for St. Louis Schoolhouse on the SEB Housing YouTube channel.**

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## Step 1a: Applying for the Lottery

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Once a household reads this Information Packet in its entirety, they will need to fill out a Lottery Application. The Lottery Application must be signed and dated by all heads of household and must be received by the Lottery Agent by May 20<sup>th</sup>, 2025 at 2:00 pm. Applications should be completed online, or sent to: SEB Housing – St. Louis Schoolhouse - , 257 Hillside Ave, Needham, MA 02494 | Fax: (617) 782-4500 | Email: info@sebhousing.com

To ensure applications arrive by the deadline, we recommend sending them in at least a week prior to the application deadline. **Late applications will not be accepted.** If you want to ensure your application is received, we recommend sending it by certified mail. The Lottery Agent and other affiliated entities are not responsible for lost or late applications.

Once a completed Lottery Application is received, SEB will determine initial eligibility and compliance. If the applicant is determined to be eligible for the Lottery, they will receive an **Application Number** in the order in which their application was completed. The purpose of the Application Number is simply to keep all household names unknown at the lottery. **The Application Number has no bearing on a household's final Waiting List position.** The household will also receive a Guide detailing all of the income, asset, and tax documentation that will eventually be required of them after the lottery, if they have a high enough lottery position to be invited forward in this process. Households are encouraged to begin collecting this documentation so that they will have it ready, if invited to move forward after the lottery.

Households that are deemed ineligible by the Lottery Agent will be notified by mail (or by email if an email address is provided). Entrance into the Lottery does not guarantee that a household is eligible to buy a home. Please read all of the following steps for further details on the review process.

**Q: What happens if I don't submit all necessary documentation or fail to correctly complete my Affordable Housing Program Application?**

**A:** Households that submit incomplete documentation will be mailed a notice detailing the additional documentation that is needed to make their application complete. Their application will remain in an "Incomplete Application Pool" until all requested materials have been received. Households with applications in the Incomplete Application Pool will not be entered into the Lottery.

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## Step 1b: The Lottery

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The Lottery will be held on June 3<sup>rd</sup>, 2025 at 6 pm via Zoom. Households do not have to attend the lottery to remain eligible. All results will be emailed to every applying household after the Lottery.

For the Lottery, a representative from SEB Housing will pull Application Numbers from a box. The Application Numbers are randomly drawn for the lottery and placed in the order drawn on the **Lottery Result List**.

**The order drawn does not necessarily reflect the order that households will get to select units as Application Numbers of Disproportionately Impacted Households and Local Preference Households will be mixed in with households who do not qualify as Disproportionately Impacted Households and who do not have local preference. It is only how a household is drawn relative to other households of similar qualifications that matters.**

Regardless of the order drawn, all Disproportionately Impacted households will be given the opportunity to buy a unit before any household who is not a Disproportionately Impacted Household within the lottery pool.

To help clarify the actual order that applicants will be given the opportunity to buy units, Waiting Lists will be created from the Lottery Result List (*see next step*).

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## Step 1c: The Waiting Lists

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The Waiting List will be compiled immediately after the lottery which will illustrate the order households will choose units. **The purpose of the Waiting List is merely to illustrate the actual order that opportunity will be given. The position each household has on the Waiting List is determined by the order in which their Application Number is drawn in the Lottery *relative to households of similar qualifications*. Please see “Homebuyer Preferences” for details on who qualifies as a Disproportionately Impacted Household or Local Preference Household who get priority in the lottery.**

### The Affordable Unit Waiting Lists

#### LOCAL PREFERENCE WAITLISTS

**Waiting List for Three 1BR 80% AMI condos for \$188,508**

Top Tier: Households who have Local Preference

Bottom Tier: Households without Local Preference

**Waiting List for Three 1BR 100% AMI condos for \$233,213**

Top Tier: Disproportionately Impacted Households who have Local Preference

Second Tier: Disproportionately Impacted Households without Local Preference

Third Tier: Non-Disproportionately Impacted Households who have Local Preference

Bottom Tier: Non-Disproportionately Impacted Households without Local Preference

**Waiting List for Three 2BR 80% AMI condos for \$212,075**

Top Tier: Households who have Local Preference

Bottom Tier: Households without Local Preference

**Waiting List for Three 2BR 100% AMI condos for \$262,520**

Top Tier: Disproportionately Impacted Households who have Local Preference

Second Tier: Disproportionately Impacted Households without Local Preference

Third Tier: Non-Disproportionately Impacted Households who have Local Preference

Bottom Tier: Non-Disproportionately Impacted Households without Local Preference

#### GENERAL WAITLISTS

**Waiting List for One 1BR 80% AMI condo for \$188,508**

Top Tier: All Households

**Waiting List for Two 1BR 100% AMI condos for \$233,213**

Top Tier: Disproportionately Impacted Households

Bottom Tier: Non-Disproportionately Impacted Households

**Waiting List for One 2BR 80% AMI condo for \$212,075**

Top Tier: All Households

**Waiting List for One 2BR 100% AMI Accessible condo for \$262,520**

Top Tier: Disproportionately Impacted Households who need the ADA features

Bottom Tier: Non-Disproportionately Impacted Households who need the ADA features

**Waiting List for One 2BR ADA (mobility) 80% AMI condo for \$212,075**

Top Tier: Households who require the features of this unit

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## **Step 1d: SEB & Monitoring Agent Review**

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Immediately after the Lottery, SEB Housing will invite top lottery households to submit all of the income, asset, and tax documentation that is required to demonstrate their eligibility. If a household is ineligible, they will not be permitted to move forward. SEB will send the files of the top, eligible households to the Monitoring Agent for program certification. It is ultimately the Monitoring Agent who will determine if a household is eligible and can move forward to the next step of the process.

SEB Housing goes to great lengths to ensure that files are complete when sent to the Monitoring Agent but if the Monitoring Agent needs any additional documentation to complete their eligibility review, they will notify SEB Housing and SEB Housing will notify the applicant. The applicant must submit any documentation requested by the Monitoring Agent within 5 business days. Applicants who do not provide additional documentation and applicants that the Monitoring Agent disqualifies will be removed from the Waiting List and lose their opportunity to move forward in this process. Once the Monitoring Agent has certified a household eligible, they will contact SEB Housing and SEB Housing will direct the household to the next step.

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## Step 2a: Unit Selection & Reservation Agreement

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The top household on each **Waiting List** will be notified by the Lottery Agent when they can move forward with the purchase of any of the available affordable units. When a household is notified, they will be put “on the clock”. When they are “on the clock”, they will be given the contact information for Sales Office and they will have 3 business days to contact the Sales Office and complete a Reservation Agreement.

**When a household is at the top or near the top of the Waiting List (and is therefore about to be put “on the clock”), it is recommended that they obtain an attorney** who can assist with the review and execution of the Purchase and Sale Agreement.

The Reservation Agreement is a contract between the applicant and the developer which details what unit has been selected and the time and date when a Purchase and Sale Agreement must be executed (*see next step*). **When a Reservation Agreement is signed, a refundable deposit of \$500 is required.** The deposit is refundable if the buyer is unable to secure a mortgage for the unit.

A household that is “on the clock” can choose from any of the available affordable units from the Waiting List that they are on. If one or more units have been reserved, then the next household “on the clock” will be given the opportunity to reserve one of the remaining affordable homes. The date that a Purchase and Sale Agreement will be executed will be approximately 10 business days from the day the Reservation Agreement fully executed.

The next applicant on the list will then be notified that they are “on the clock” when the applicant ahead of them either signs a Reservation Agreement or 3 business days elapse and no reservation has been signed.

If an applicant fails to sign a Reservation Agreement, their Application Number will be removed from the top of the Waiting List and will be dropped to the bottom. This applicant will not get a chance to sign a Reservation Agreement again until all other applicants on the Waiting List are given a chance. Once the applicant who was dropped to the bottom is given a second chance, they must sign a Purchase and Sale Agreement or they will permanently lose their opportunity to purchase an affordable unit at St. Louis Schoolhouse through this lottery.

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## Step 2b: Sign Purchase and Sale Agreement

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Once a household signs a Reservation Agreement, they will have approximately 10 business days to sign a Purchase & Sale Agreement (P&S) and put down the required deposit. This deposit will be 1.5% of the sales price minus the \$500 deposited with the Reservation Agreement. The Purchase and Sale Agreement will have the actual closing date on it.

After the Reservation Agreement is signed, the St. Louis Schoolhouse Sales Team will give the applicant the Purchase and Sale Agreement, the Deed Rider (which should be attached to the P&S), and the Master Deed. You may also have the bank that is offering your mortgage commitment review these documents.

If the applicant fails to sign the Purchase and Sale Agreement by the agreed upon date (or chooses not to sign it), they will be dropped from the Waiting List and the next applicant in line will then be notified that they are “on the clock” to sign a Reservation Agreement.

**Q: If I reserve a unit (through the Reservation Agreement and/or P&S) and then a unit that was not available when I was selecting my unit becomes available (ex: a household who had reserved a unit with a Reservation Agreement never signs their P&S or a household fails to close on a unit), can I “switch” my unit for this newly available unit?**

**A:** No. If you are given the opportunity to reserve a unit, you are allowed to pick from the available units at that time. It does not entitle you to pick any unit that may become available at any point in the future (specifically because another household was unable to close). Once you have reserved your unit, you may not swap that unit for another unit.

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## Step 2c: Obtain Mortgage Commitment

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Mortgage pre-approval does not ensure a mortgage commitment. Once a household has a signed Purchase and Sale Agreement, they will need to go back to their lender that issued them their pre-approval letter and obtain a Mortgage Commitment. This process will begin immediately after signing the P&S. Households do not need to go back to the same lender that gave them their pre-approval letter but it is recommended. If not already indicated in the commitment, households will also need to obtain a Loan Estimate showing that they will pay their closing costs, or demonstrate that they will obtain financial assistance toward closing costs.

If a household fails to obtain a Mortgage Commitment by the mortgage contingency date in their Purchase and Sale Agreement, their deposit will be refunded and they will be dropped from the Waiting List.

Please note that each lender will handle the Mortgage Commitment differently and this packet only serves as a guide through this process. Generally, the lender will want to see the Purchase and Sale Agreement, the Master Deed, the Condominium/HOA Documents (if any) and the Deed Rider. They will also do an appraisal of the property once the property is ready to move into. Once the appraisal is complete, the household will be able to close on the home.



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## Step 1e: Final Review for Program Eligibility

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Before a household can close on their affordable unit, SEB Housing must do a final review of the household's eligibility income and asset eligibility and the Monitoring Agent must do a review of the household's mortgage eligibility in order to prepare the Resale Price Certificate and Deed Riders that must be recorded at the closing.

It is therefore essential that all households continue to maintain records of all income and assets until they close on their affordable unit **and maintain program eligibility!**

One month prior to the closing date, households will need to complete a Final Review Application and submit all recent income and asset documentation to SEB Housing. SEB Housing will review the Final Review Application and determine if the household is still eligible according to affordable housing program guidelines. If a household is no longer eligible (over the allowable income and asset limits), the household will not be able to purchase an affordable unit.

Additionally, approximately 1 month prior to closing, households must submit a copy of the MORTGAGE COMMITMENT LETTER from the buyer's lender including interest rate, points, length of loan, and annual percentage rate.

SEB Housing will forward the final package of documentation to the Monitoring Agent who requires the documents no less than 2 weeks before the loan closing date. They will review the P&S, Master Deed and mortgage. They will then mail and fax the Compliance Certificate, and MassHousing will mail and fax the Deed Riders and Non-Financial Mortgage, to the developer's closing attorney who will then complete the Deed Riders to record at the closing.

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## Step 2d: Closing and Move-in

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The Purchase and Sale Agreement will set the Closing Date. If all the steps above are followed, the closing should go smoothly. Your lender and lawyer will be able to guide you with all the steps starting with the Reservation Agreement.

Once you have closed on the unit, you may move in.

Additionally, once you have closed on the unit, there is NO future income or asset eligibility reviews.

## LOCAL PREFERENCE INFORMATION

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**Q: What is Local Preference?**

A: The City of Fall River has established a local preference for 70% of the affordable and workforce apartments. Local Preference will be given as described in Step 4 in the Step-By-Step Process. An applicant qualifies for local preference if the applicant or a member of their household fit into one of the following categories:

- a current resident of Fall River
- an employee of the City of Fall River
- an employee of a business located in Fall River, or those with a bona fide job offer from a business located in Fall River
- households with children attending Fall River Public Schools

**Q: Do households which meet all Local Preference criteria get priority over households which meet only one?**

A: No. As long as a household meets any one of the Local Preference criteria, they will qualify for Local Preference.

**Q: What if a household does not qualify for Local Preference?**

A: Households without Local Preference will be entered into the Open Lottery and will be given positions on the Waiting Lists based on where they are drawn in the Open Lottery drawing. Non-Local Preference households will also be given positions on the Local Preference Waiting List to ensure that need of a unit size gets appropriately addressed.

### **Adjustments in the Local Preference Pool**

As stated by the Massachusetts Department of Housing and Community Development, "If the percentage of minorities in the local preference pool is less than the percentage of minorities in the surrounding HUD (U.S. Department of Housing and Urban Development) defined area, the following adjustments will be made to the local preference pool. The Developer will hold a preliminary lottery comprised of all minority applicants who did not qualify for the local preference pool and rank the applicants in order of the drawing. Minority applicants should then be added to the local preference pool in order of their rankings until the percentage of minority applicants in the local preference pool is equal to the percentage of minorities in the surrounding HUD-defined area." The Percent Minority for the Metropolitan Statistical Area of Fall River is 28.4%. This is the minimum percentage of minority applicants that must be in the local preference pool. Minority applicants are defined as a person who is a member of the following groups: Black or African American; Asian; Native American or Alaska Native; Native Hawaiian or Pacific Islander; or other (not White); and the ethnic classification Hispanic or Latino.

# DEED RIDER SUMMARY/ PROPERTY RESTRICTIONS

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**This is not the Deed Rider. The actual Deed Riders will be prepared by MassHousing and the Closing Attorney and provided on the day of each home closing. A copy of the Example Deed Riders as well as a Summary of their restrictions will be posted on the SEB Housing website.**

The purpose of this *summary* is intended to be informational only and it is not a substitute for independent legal advice. It is intended to highlight some of the obligations a purchaser will have upon resale. The Deed Rider is an especially important legal document; in part it ensures that the home remains affordable for future buyers of your property. Purchasers are encouraged to read carefully and to seek legal counsel to have a full understanding of their obligations of the Deed Rider in its entirety.

All of the deeds for the homes designated as affordable will have a deed rider, which you will be required to sign. The rider in part will ensure that the home will stay affordable for thirty (30) years.

Assuming you qualify, you will be given an opportunity to purchase a home at a substantial discount (“the affordable price”) of the property’s fair market value.

However, significant deed restriction provisions must be observed:

## **PRINCIPAL RESIDENCE**

Buyer must occupy the home as a principal residence, where they regularly live, eat, sleep, are registered to vote, etc.

## **LEASING AND REFINANCING**

Buyer may not rent, lease or refinance their home without the prior written consent from the Monitoring Agent.

## **CAPITAL IMPROVEMENTS**

Capital improvements must be approved by the Monitoring Agent and MassHousing in order to be considered and added to the resale price. Capital improvements are defined as a necessary maintenance improvement, not covered by a condominium or homeowner association fee, that if not done would compromise the structural integrity of the property. Examples of necessary capital improvements include new roof, heating or plumbing replacement, repair due to termite or water damage, etc. Improvements such as the installation of outdoor decks, flooring (except in cases of replacement due to damage or long-term wear), additions, garages, landscaping, and other items identified by the owner that are upgraded or luxury improvements will not be considered capital improvements and cannot be added to the resale price when the property is sold.

## NOTICES WHEN SELLING YOUR HOME

When you wish to sell your home, you must notify the Monitoring Agent. This notice is referred to as the “Resale Notice” in the Deed Rider. In years 1-15 after your purchase, the City and MassHousing hold an option to purchase the home.

## MAXIMUM RESALE PRICE

The Maximum Resale Price depends upon the year in which the unit is re-sold, as follows:

Resale Price Restrictions	Through Year 15 after initial sale, <u>lesser</u> of:	During years 16-30 after initial sale:
	<ul style="list-style-type: none"><li>a. Price agreed to by buyer;</li><li>b. Initial Purchase Price + formula appreciation (5% annually) + capital improvement credit (cost of approved capital improvements, less depreciation. Maximum of 3% of initial purchase price per year of ownership); or</li><li>c. Price affordable to buyer at restricted AMI tier set at Initial Sale</li></ul>	Unrestricted, but subject to equity sharing; see below)

### EXAMPLE:

A 100% AMI 2BR Unit is initially purchased for \$210,000 in 2024. This unit is later being sold in 2029 (year 5) after initial sale:

- a. A new buyer agrees to pay **\$295,000** for the unit;
- b. Initial Purchase Price was \$210,000 + formula appreciation (5% annually = \$58,019) + maximum capital improvement credit (3% annually = \$33,448): **\$301,467**
- c. In year 5, the maximum price for a 2BR unit at 100%, using then current income limits, tax rate, interest rate, and condo fees is **\$288,000**.

**In this example, the maximum resale price would be \$288,000.**

Additionally, the maximum resale price shall not be less than Owner’s purchase price (in this case, \$210,000)

## BUYER RESTRICTIONS

Restrictions on who may purchase an affordable unit are dictated by when the unit is being resold in relation to when it was initially purchased, as follows:

Buyer Restrictions	Through Year 15 after initial sale:	During years 16-30 after initial sale:
	Income qualified first-time homeowner, subject to a purchase option held by the City and MassHousing  Preferences for Disproportionately Impacted Households	Unrestricted, subject to purchase option held by the City and MassHousing

## EQUITY SHARING

Requirements as to equity sharing are dictated by when the unit is being resold in relation to when it was initially purchased, as follows:

Equity Sharing	Through Year 15 after initial sale:	During years 16-30 after initial sale:
	None	50% of Resale Price minus Permissible Year 15 Sale Price is shared among public funders

### EXAMPLE:

An 80% AMI 1BR unit is initially purchased for \$150,000 in 2024. This unit is later being sold in 2044 (year 20) after initial sale. A buyer agrees to pay \$300,000. The Permissible Year 15 Sale Price is \$250,000. In this case, \$25,000 (50% of \$50,000) would need to be shared among public funders.

## RESALE PROCESS

When re-selling an affordable unit, the Owner must first give notice to the Monitoring Agent of the intention to sell. The City and MassHousing can each then decide if it intends to exercise its purchase option. If neither the City nor MassHousing exercises this right, then the Monitoring Agent will begin the process of assisting the owner to find an eligible buyer.