



## TOWN OF NORTH ANDOVER DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES

The North Andover Affordable Housing Trust (“Trust”) is providing down payment assistance to qualified homebuyers to purchase a single family home or condominium in North Andover for use as their principal residence. The program is being administered by Bread and Roses Housing. Applications should be submitted to Bread & Roses Housing and will be reviewed on a first come/first served basis and will be accepted until all allocated funds have been distributed.

Funding for this program is provided through use of Affordable Housing Trust Funds and Community Preservation Act Funds and is intended for low and moderate income homebuyers who can afford monthly mortgage payments but do not have enough to pay the initial home purchase costs with the goal to increase homeownership among low and moderate income households in the Town of North Andover. Applications and a checklist to guide you through the process are available at North Andover Town Hall, 120 Main Street, North Andover, MA or online at [www.northandoverma.gov](http://www.northandoverma.gov) and Bread & Roses Housing, 15 Union Street, Lawrence, MA 01840 or online at [www.brhousing.org](http://www.brhousing.org).

You are encouraged to begin your house-hunting process by applying for DPA early, before you have made an offer on a property. To avoid unnecessary delays, submit your application and all required documentation a minimum of five (5) weeks prior to your loan closing. Once qualified, your conditional letter of approval is valid for 6 months.

### **What Type of Assistance is Available?**

DPA is considered a “deferred payment loan.” The loan is interest free and you will not be required to repay the loan or make any payments on the loan unless, during the 10 year term of the mortgage, the property is sold or transferred; is refinanced or encumbered without the Trust’s prior approval; is no longer used as your primary residence; or you otherwise violate any of the terms of the mortgage.

If the property is sold prior to the sixth anniversary of the sale, you will be required to pay back the full amount. Between six and ten years, the loan is forgiven in an amount equal to 20% of the assistance provided for each of the years after year five. If you reside in your home for 10 years, the deferred loan will be forgiven. Please see the examples and table below for further guidance on how the loan is forgiven.

Example A. You purchase the property on January 1, 2021, with down payment assistance in the amount of \$10,000. In June 2024, you sell your home. Since less than 5 full years have passed, you would be required to repay the full amount of \$10,000.

Example B. You purchase the property on January 1, 2021, with down payment assistance in the amount of \$10,000. In June 2028, you sell your home. Since 7 full years have passed, you would only need to repay \$6,000 at the time you sell your home.

Example C. You purchase the property on January 1, 2021 with down payment assistance in the amount of \$10,000. In January 2032, you sell your home. Since more than 10 full years have passed, you would not have to repay any amount of the loan at the time you sell your home.

<b>Number of Years Passed</b>	<b>Outstanding Loan Amount</b>	<b>Forgiven Amount</b>
0	\$ 10,000	\$ 0
1	\$ 10,000	\$ 0
2	\$ 10,000	\$ 0
3	\$ 10,000	\$ 0
4	\$ 10,000	\$ 0
5	\$ 10,000	\$ 0
6	\$ 8,000	\$ 2,000
7	\$ 6,000	\$ 4,000
8	\$ 4,000	\$ 6,000
9	\$ 2,000	\$ 8,000
10	\$ 0	\$ 10,000

### **What is the Maximum Amount of Assistance?**

The DPA program will provide eligible buyers with 10% of the purchase price up to \$30,000. Unless otherwise approved by the Trust, the purchase price must not exceed the appraised value of the property. The Trust will determine the maximum amount for each application based on purchase price and availability of funds.

### **Who is Eligible?**

Applicants must meet the following eligibility requirements:

- Be a first-time homebuyer (or one that has had no homeownership interest in a principal residence during the past 3 year OR you are a displaced homemaker or single parent who has only owned a home with a former spouse while married);
- Complete a homebuyer education class conducted by a HUD approved housing counseling agency and provide certification of completion;
- Own or have assets that do not exceed \$75,000 (\$375,000 for those over 55 years of age);
- Intend to reside in the purchased property as your primary residence;
- Put down no less than 1.5% of the sale price; and
- Earn a household income that is at or below 100% of Area Median Income.

### **Who is considered a first time homebuyer?**

For purposes of the program, a buyer will be considered a first-time homebuyer as long as they have not owned a home within three years before application. The following individuals will be considered to be first-time homebuyers regardless of prior homeownership:

1. Displaced homemaker who owned a home with their partner or resided in a home owned by the partner;
2. Single parents who owned a home with their partner or resided in a home owned by the partner and is a single parent;
3. Households with at least one household member who is 55 or over;
4. Households that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; and
5. Households that owned a property that was not in compliance with State, local or model building codes and that cannot be brought into compliance for less than the cost of constructing a permanent structure.

### **What are the income limits?**

<u>If your household size is:</u>	<u>Your household income can be no greater than:</u>
1 person	\$72,100
2 person	\$82,350
3 person	\$92,650
4 person	\$102,900
5 person	\$111,150
6 person	\$119,400

The Trust will use HUD's [Technical Guide for Determining Income and Allowances for the HOME Program](#) in calculating a household's annual income. Generally, annual income is the *adjusted gross income* reported in the U.S. Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income purposes.

Gross income includes income received by all household members who are 18 years old or older, which is taxable under the IRS guidelines and any other taxable income as defined by the IRS tax code, and includes the following sources:

- All income in the form of wages, salary, bonuses, and tips;
- The full amount received from social security, pensions, and annuities;
- Payments in lieu of earnings, such as unemployment compensation, other social security benefits, and dismissal wages;
- Benefits in lieu of earnings other than lump sum payments under health and accident insurance.
- Alimony, child support and the like;
- Subsistence allowance or receipts in connections with education or training; and
- Income from earning assets, rental income.

### **What conditions are there for obtaining the loan?**

The combined principal amount of each mortgage cannot exceed the purchase price. Additionally, all mortgages must:

- Be a fully amortizing fixed rate mortgage;
- Be made by an institutional lender;
- Have a fixed interest rate through the full term of the mortgage that is no higher than 2 percentage points higher than the current Massachusetts Housing Finance Agency's interest rate;
- Not have more than 2 points; and
- Not have any non-household members as a co-signer or guarantor of the mortgage.



Bread &  
Roses  
Housing

## TOWN OF NORTH ANDOVER DOWN PAYMENT ASSISTANCE APPLICATION

Borrower Name: \_\_\_\_\_ SS#: \_\_\_\_\_

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Street Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Daytime Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

Total number of persons in household (including self): \_\_\_\_\_

Please list ALL household members who will occupy the home, regardless of age

Name	Age	Relationship

1. Do you own or have financial interest in any other real estate and/or business? Yes  No

If yes, please describe: \_\_\_\_\_

2. You may qualify as a First Time Home Buyer if:

- You have not had an ownership interest in a residence in the past three (3) years **OR**
- You meet the Federal Government's definition of a "displaced homemaker" **AND**
- You will reside in the property you purchase

Do you qualify as a First Time Home Buyer? Yes  No

3. Have you attended an approved First Time Home Buyer Education class? Yes  No   
 If yes, please provide a copy of your completion certification. Attendance is a requirement of funding.

4. Do you have an executed Purchase and Sales Agreement? Yes  No

Address: \_\_\_\_\_ Purchase Price: \_\_\_\_\_

Scheduled Closing Date: \_\_\_\_\_

**Household Income**

**A. Employment/Other Earnings**

Gross annual income includes all wages prior to deductions, net income from the operation of a business, SSI, AFDC, pensions, rental income, alimony and child support, and other earnings. Please provide twelve (12) consecutive weeks of pay stubs from both full- and part-time employment, entire federal tax returns from past three years, and verification of all other income sources.

Household Member	Employer/Source of Income	Start & End Date	Gross Amount
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
<b>Subtotal gross annual household earned income:</b>			<b>\$ _____</b>

**B. Assets & Interest**

Assets are items of value, such as IRAs, CDs, and checking and savings accounts. Interest received from assets are included as part of your income. Assets do not include necessary personal property such as clothing, furniture, automobiles, jewelry, etc. Please describe your assets and income or dividends from these assets in the chart below. Continue on a separate sheet if necessary.

Household Member	Asset Description	Cash Value	Annual Interest Income
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
<b>Total cash value of all assets:</b>		<b>\$ _____</b>	<b>\$ _____</b>
<b>Subtotal annual household interest income:</b>		<b>\$ _____</b>	<b>\$ _____</b>

**Total Gross Annual Household Income (Subtotals A + B): \$ \_\_\_\_\_**

**Certification**

In signing this application I/we hereby certify that:

- I/we have correctly indicated the number of persons in the household;
- My/our total liquid assets do not exceed the asset limits as defined in the application;
- The information contained in this application is true and accurate to the best of my/our knowledge and belief under the full pains and penalties of perjury and understand that perjury will result in disqualification from further consideration; and
- 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, down payments, etc.

I/we further authorize the Town of North Andover to verify any and all income and asset and other financial information, to verify any and all household, resident location, and workplace information and direct any employer, landlord, or financial institution to release any information to the Town for the purpose of income determination eligibility.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Submit application and all required documents to:**

Bread & Roses Housing  
15 Union Street, Suite 401  
Lawrence MA 01840  
(978) 685-1823  
Attention: Angie Gil  
a.gil@brhousing.org



Bread &  
Roses  
Housing

## TOWN OF NORTH ANDOVER DOWN PAYMENT ASSISTANCE PROGRAM APPLICATION CHECKLIST

Applying for down payment assistance is a two-step process. The first step is to submit an application and **copies** of all required income documentation in order for us to determine if you qualify for the program. Second, once you have found a home, submit all of the property eligibility information for review. After the property’s eligibility is confirmed and all conditions are met, the Trust will provide final approve and disburse the assistance amount to the closing attorney with the requirement that the homebuyer sign/record the mortgage.

### **Step 1: Submit Applicant Eligibility Information**

- Completed Down Payment Assistance Application
- Income Verification, **COPIES** of the following that apply to *any* household member

Employed	Twelve (12) consecutive weeks of pay stubs for <b>all</b> working household members <b>age 18 and over</b> .
Self-Employed	Most recent <b>federal</b> tax returns, <b>including Schedule C</b> and all attachments and W9.
Unemployed	Two (2) most recent month’s checks and letter stating start date and assistance.
Social Security	Current year’s letter from Social Security Office stating benefits (even for children).
Public Assistance	Recent checks and letter from agency stating amount of assistance.
Pension/Disability	Company letter stating monthly benefits for current year or direct deposit records.
Alimony and/or Child Support	Court Order or letter from non-custodial parent/ex-spouse stating payments or copies of deposited checks.
Rental Income	Two (2) most recent months of rent receipts.
Full Time Students	Letter from school stating <b>full-time</b> enrollment for students <b>age 18 and over</b> .

- Past three (3) years of Federal Tax Returns (Form 1040 with all schedules & attachments)
- Two (2) months of most recent statements including
  - Checking Accounts
  - Savings Accounts
  - Investment Accounts – including retirement, Certificates of Deposit, Property, down payment gift amount, etc. Include all pages of statements.
- Evidence of a sufficient down payment, i.e. minimum of 1.5%, (bank statement, gift letter, etc.)
- If you owned a home within the past three (3) years but it was sold due to a divorce, provide a copy of the divorce or separation papers and proof of the home sale showing equity received (HUD Settlement Statement).
- Mortgage Pre-Approval letter

**Step 2: Submit Property Eligibility Information**

- An executed Purchase and Sale Agreement, as soon as it is available.
- Application Form 1003 and 1008 from your lender
- Proof of cash paid by applicant toward down payment (copy of check)
- Executed Final Loan Commitment
- Copy of Appraisal Summary sheet
- Copy of Home Inspection Report
- Copy of credit report from lender
- Copy of HUD Settlement Statement (prior to disbursement of funds)