

# TOWN OF WEYMOUTH



## FIRST TIME HOMEBUYER PROGRAM

## SOFT SECOND LOAN PROGRAM



**2008**

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Director of Planning and  
Community Development

Funded by  
HUD  
HOME and CDBG

**Susan Kay**  
Mayor

# TOWN OF WEYMOUTH

## HOME FIRST TIME HOMEBUYER/SOFT SECOND LOAN PROGRAM



The Town of Weymouth's HOME First Time Homebuyer/Soft Second Loan Program is designed to provide financial assistance to lower income families purchasing their first home in Weymouth. The program is funded through the Department of Housing and Urban Development (HUD) HOME Program, Massachusetts Housing Partnership (MHP) Fund and Massachusetts Department of Housing and Community Development and is administered in cooperation with participating lenders.

The application package contains a complete program description and list of eligibility requirements. Applications should be completed and returned, along with required documentation, to the Department of Planning and Community Development, Town Hall, 75 Middle St., Weymouth MA 02189

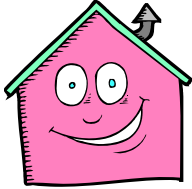
**Applications will be serviced on a first come first served basis.** No applicant shall on the grounds of race, color, religion, handicap, familial status, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded under this program.

### **WHAT KIND OF ASSISTANCE IS AVAILABLE?**

The First Time Homebuyer/Soft Second Loan Program offers borrowers two types of assistance, reduced cost mortgage financing and assistance with down payment and closing costs. Borrowers must be creditworthy and meet standard underwriting criteria. Lenders will provide mortgage loans at below market interest rates with a minimum down payment of 5% and reduced closing costs.

**First and "Soft Second" Mortgage Financing** - Mortgage financing will be provided through participating lenders. The total mortgage amount is funded through a First mortgage (77% of the property purchase price) and a subsidized "Soft Second" mortgage (max. 20% of purchase price or \$25,000). Borrowers pay principal and interest on the first mortgage after closing and a portion of the interest only, on the Second mortgage, for a ten-year period. Lenders qualify borrowers based only on the first mortgage and the reduced share of the interest on the Second mortgage. Additionally, the 77% of property value First mortgage limit eliminates the need for Private Mortgage Insurance (PMI) resulting in considerable closing cost and monthly payment savings for borrowers.

**What is a "Soft Second Mortgage" and How Does It Work?** - The Soft Second mortgage is a Second mortgage from the participating lender subsidized through the MHP Loan Fund. The percentage of the borrower's income that they pay for housing costs will determine the level of subsidy received. Buyers must pay between 28% and 33% of gross monthly income as their affordable housing expense. Available funds are allocated to the First mortgage payment and related housing expenses with remaining funds being paid towards a portion of the Second mortgage interest.



### Example:

Homebuyer Gross Monthly Income - \$2,200

Affordable Housing Expense (33%) -	\$726
Property Purchase Price -	\$100,000
Mortgage Amount (95%) -	\$95,000
First Mortgage (75%) -	\$75,000
Second Mortgage (20%) -	\$20,000

First Mortgage Principal and Interest Payment @ 7.5% / 30 year term = \$524  
Soft Second Mortgage Interest Payment.(years 1 - 10) = \$125

Afford. Housing Expense:	\$726
Deduct: - First Mortgage pmt.-	\$524
• Property tax. -	\$125
• Property insurance. -	\$ 40
Balance Available:	\$ 37

Buyer Payment to Second Mortgage = \$37  
Soft Second Subsidy Payment = \$88

The Soft Second subsidy pays the balance of the Second mortgage interest, to a maximum of 75% of total interest, for the first five years. During years 6-10 the borrower assumes a larger share of the interest payment. After the 10-year subsidy period, the second mortgage loan is amortized over a 20-year period with the borrower assuming principal and interest payments.

**HOME Down Payment and Closing Cost Assistance** - Approved applicants are eligible for down payment and closing cost assistance in the form of a deferred payment loan through the Town's HOME program. Borrowers can receive up to 3% of purchase price to be applied to down payment and towards closing costs. **Borrowers are required to provide a minimum of 1.5% of their own funds for down payment.**

In addition to the down payment, you should expect to pay for certain mortgage-related expenses at closing. These expenses include application and attorney fees, title insurance, recording and settlement fees.

The HOME down payment and closing cost assistance is a deferred payment mortgage loan that becomes due only on the sale, refinancing of the property, transfer of ownership or if the property is no longer the borrowers principal residence. **Repayment of assistance provided will include the original principal of the loan plus 3% of the appreciation in the value of the property.**

## ELIGIBILITY GUIDELINES

**Income** - Applicant gross household income cannot exceed low/moderate income limits established by HUD to be eligible for the down payment assistance portion of the program. Applicants who only use Soft Second assistance must meet income guidelines established by MHP. Applicants must submit proof of all current income including: wages, social security, pensions, AFDC, welfare benefits, interest and investment income, rental income and other sources as determined applicable. Income information must be submitted for all household members over the age of 18.

### INCOME GUIDELINES

Family Size	HUD Low/Moderate Income	MHP Soft Second
1	\$46,300	\$58,870
2	\$52,950	\$67,280
3	\$59,550	\$75,690
4	\$66,150	\$84,100
5	\$71,450	\$90,828
6	\$76,750	\$97,556
7	\$82,050	\$104,284
8	\$87,350	\$111,012

(Effective 2006)

**First Time Homebuyer** - Applicants must be first time homebuyers (including displaced homemakers and single parents who may have owned a home with a spouse). A First Time Homebuyer is defined as not having an ownership interest in a property for the previous three (3) years. **Applicants must submit the previous 3 years Federal Tax forms as verification.**

**Homebuyer Counseling Course** – Applicants must complete an approved First Time Homebuyer Counseling Course. Courses in the Weymouth area are offered through Quincy Community Action Programs, Inc. (617) 479-8181 and Neighborhood Housing Services of the South Shore, Inc. (617) 770-2227.

**Maximum Purchase Price** - Maximum purchase price will be determined by the applicants income to housing payment cost ratio. Generally the maximum monthly housing payment cannot exceed approximately 1/3 of the applicant's monthly income. Participating lenders will qualify individual applicants and determine maximum purchase price based on income and program standards at the time of application.

### **Property Location**

The purchased property must be located in the Town of Weymouth.

**Minimum Housing Quality Standards** – *(For applicants receiving downpayment assistance only)*  
All properties must meet Minimum Housing Quality Standards (HQS) and Lead Paint Compliance guidelines as determined by the Dept. of HUD. **A property inspection and Lead Paint Inspection must be conducted to assure compliance. Applicants must provide a copy of a professional home inspection and MA certified Lead Paint inspection report.**

## HOW DOES THE PROGRAM WORK?

### *STEP #1*

**Program Application** - Applicants must submit a complete program application to the Office of Planning and Community Development for eligibility determination. Eligible applicants will receive a HOME Disclosure Statement outlining program requirements and a lender referral certification for the Soft Second Program.

### *STEP #2*

**Borrower Pre-Qualification** - Applicants must select a participating lender and submit a preliminary pre-qualification application. Applicants will be informed of their maximum affordable housing price based on their income, financial status and credit issues.

### *STEP #3*

**Subsidy Reservation** - Subsidy funds are available on a first come first served basis. If funds are available the lender will request a subsidy reservation on behalf of the borrower. Upon confirmation of the subsidy reservation, the borrower has 90 days in which to receive a mortgage commitment.

### *STEP #4*

**Property Purchase and Sale** - Applicants are responsible for locating a suitable property. You must have a signed Purchase and Sale Agreement to apply for a mortgage. **A copy of the Purchase and Sale Agreement must be submitted to the Town. Properties must meet HOME program eligibility standards.** Applicants must contact the Town to arrange for a Minimum Housing Quality Standard inspection.

### *STEP #5*

**Mortgage Financing** - Mortgage applications will be submitted to the selected lender and processed in accordance with standard lending procedures. Final loan approval is determined by the lender.

**HOME Down Payment and Closing Assistance** - **Upon receiving and accepting a mortgage commitment from the lender borrowers must notify the Town.** Borrowers will receive a HOME mortgage commitment from the Town. The commitment letter will indicate the amount of HOME assistance to be provided.

### *STEP #6*

**Loan Closing** - **A MINIMUM OF TWO WEEKS PRIOR NOTICE OF CLOSING MUST BE PROVIDED FOR THE TOWN TO OBTAIN FUNDS!** A joint loan closing is held for Soft Second mortgages, and HOME mortgage. Subsidies are paid on behalf of the borrower at the time of closing.

## WHEN DO YOU REPAY THE SOFT SECOND AND HOME ASSISTANCE?

**Soft Second Mortgage Repayment** - Borrowers through the Soft Second Loan Program are responsible for repaying the subsidy of Second mortgage interest payments, within certain limits. If the buyer sells within five years of purchase, the full amount of subsidy is due. If the buyer remains in the house for 5 years or longer, the repayment is limited to the lesser of the total subsidy or 20% of the net appreciation gained at time of sale. No repayment is required prior to property sale. In no event will the subsidy repayment combined with First and Second mortgage debt, exceed 95% of the property value.

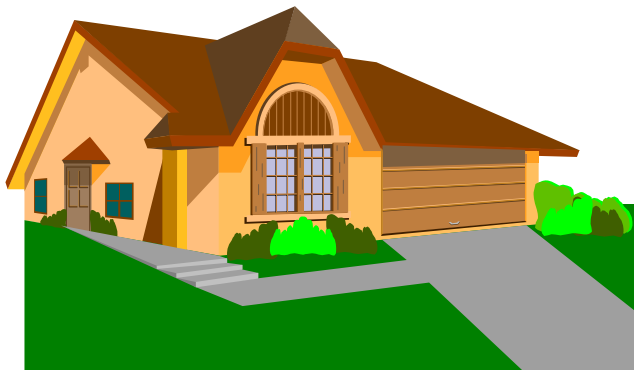
**HOME Mortgage Repayment Premium** - HOME mortgages are deferred payment loans. No payment is required until sale, transfer of ownership, refinancing or if the property is no longer the applicants principal residence. **Repayment of mortgages will include the original principal together with a premium equal to 3% of the appreciation in the value of the property.**

<b>Example:</b>	Purchase Price	-	\$100,000
	HOME Program Assistance.	-	\$3,000 (3%)
	Resale Price	-	\$200,000
	Appreciation	-	\$100,000 x 3% = \$3,000.
	Repayment Amount	-	\$6,000

The HOME Program was created under Title II (the HOME Investment Partnership Act) of the National Affordable Housing Act of 1990 as amended. The HOME Program in Weymouth is administered by the Department of Planning and Community Development as part of the Quincy-Weymouth HOME Consortium.

For Further Information on the HOME First Time Homebuyer Program contact:

Department of Planning and Community Development  
75 Middle St.  
Weymouth, MA 02189  
(781) 682-3642



**TOWN OF WEYMOUTH  
HOME PROGRAM  
FIRST TIME HOMEBUYER / SOFT SECOND LOAN PROGRAM**

**Instructions:**

Please complete all questions on this application. If the question does not apply to you, please enter N/A. Assistance in completing the application is available through the *Weymouth Department of Planning and Community Development*. The following information must also be submitted in order to process your application:

- Previous three (3) years Federal Tax Form #1040
- Verification of all income including, but not limited to; wages, social security, interest & investment income, unemployment, child support, or any other government financial assistance
- Signed Verification of Income form for ALL employers
- Verification of Down Payment and Closing funds

**Applicant Data:**

Applicant Name: \_\_\_\_\_ Age: \_\_\_\_\_

Address: \_\_\_\_\_ Tel. # \_\_\_\_\_  
\_\_\_\_\_

Social Security # \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Marital Status: \_\_\_\_ married \_\_\_\_ unmarried

Number of Dependents: \_\_\_\_ Ages: \_\_\_\_\_

Co-Applicant: \_\_\_\_\_ Age: \_\_\_\_\_

Address: \_\_\_\_\_ Tel. # \_\_\_\_\_  
\_\_\_\_\_

Social Security # \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Marital Status: \_\_\_\_ married \_\_\_\_ unmarried

Number of Dependents: \_\_\_\_ Ages: \_\_\_\_\_

**Employment Data:**

Applicant's Employer (name and address): \_\_\_\_\_  
\_\_\_\_\_

Position / Title: \_\_\_\_\_ Number of Years on Job: \_\_\_\_\_

**Annual Income**

	Applicant	Co-Applicant	Other Household member 18 or older	Total
Source				
Salary				
Overtime Pay				
Commissions				
Fees				
Bonuses				
Interest / Dividends				
Net Income from Business				
Social Security, Pensions, Retirement Funds, etc. Received Periodically				
Unemployment Benefits				
Workers Compensation				
Alimony, Child Support				
Welfare Payments				
Other				

**Assets**

Type	Cash Value	Interest Income	Bank Name	Account Number
Checking Account(s)				
Savings Account(s)				
Stocks				
Other				

**Liabilities** (List outstanding obligations (your debts) including auto loans, credit cards, charge accounts, credit union loans, personal loans, and all other loans).

Type	Creditor's Name	Monthly Payment	Unpaid Balance

Monthly Alimony: \$ \_\_\_\_\_ Monthly Child Support: \$ \_\_\_\_\_

Monthly Child Care: \$ \_\_\_\_\_

Co – Applicant Employer (name and address): \_\_\_\_\_

Position / Title: \_\_\_\_\_ Number of Years on Job: \_\_\_\_\_

**Household Data**

*Note: Minority group data is obtained for statistical purposes only. Data will not be considered by any local or Federal official in determining eligibility.*

Racial Characteristics: \_\_\_ White \_\_\_ Black/African American \_\_\_ Amer.Indian/Alaskan Native  
\_\_\_ Native Hawaiian/Pacific Islander \_\_\_ Amer.Indian/Alaska Native/White \_\_\_ Asian  
\_\_\_ Asian/White \_\_\_ Black/Afr. Amer.& White \_\_\_ Other Multi Racial  
\_\_\_ Amer. Indian/Alaskan Native& Black/Afr. American  
\_\_\_ Hispanic \_\_\_ Non Hispanic

Female head of Household: \_\_\_ Yes \_\_\_ No

**Household Composition** (List the head of household and all members who live in your home)

Member Number	Name	Relationship	Age	Social Security Number
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Does anyone plan to live with you in the future who is not listed above? \_\_\_\_\_

**Privacy Act Statement**

The information that you will be requested to provide as part of your application for financial assistance will be used to determine your eligibility. Although voluntary, failure to furnish any of the requested information may result in the rejection of your application. This information may be disclosed to your employer for employment and wage verification, your financial institutions for certification of account balances and to credit reporting agencies, but to no other parties except as permitted by law.

**PENALTY FOR FALSE OR FRAUDULENT STATEMENT – U.S.C. TITLE 18, SEC.1001** -“Whoever, in any manner within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies or makes any false, fictitious, or fraudulent statements or representations or makes or uses any false writing or document knowing the same to contain any false or fictitious or fraudulent statements or entry, shall be fined not more than \$10,000; or imprisoned not more than five years, or both.

*The below named applicant(s) certify that all information in this application is true to the best of their knowledge and belief. Verifications may be obtained from any source named herein.*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(date)

## **HUD Lead Based Paint Regulations for Housing Rehabilitation and Homebuyer Program**

Effective 9/15/2000 all properties constructed prior to 1978 receiving HUD assistance under CDBG and HOME Programs for rehabilitation or acquisition must comply with new regulations regarding lead based paint hazard evaluation and reduction of lead based paint hazards.

### **Small Rehabilitation Projects**

Under HUD regulations, rehabilitation with a cost under \$5000 requires:

- Paint testing by licensed inspector or presumption of lead based paint on all areas to be disturbed during the rehabilitation
- Safe work practices while repairing areas disturbed during rehabilitation. (occupant protection, worksite preparation and specialized cleaning)
- Clearance inspection of the worksite by licensed lead paint inspector

### **Large Rehabilitation Projects**

Additional requirements for rehabilitation with a cost between \$5000 and \$25,000 include:

- Risk Assessment of the unit to determine lead hazards and their location by an EPA certified risk assessor. Risk assessments require a visual assessment of dust soil and paint and a written report of the results and recommended actions.
- Interim control (as applicable under MA law) or abatement of lead hazards
- Clearance inspection or abatement report of the unit, common and exterior areas where rehab. Took place

### **Homebuyer Programs**

HUD homebuyer assistance and acquisition program require the following:

- Visual Assessment to identify deteriorated paint surfaces
- Stabilization of paint surfaces
- Safe Work Practices
- Clearance inspection of unit

Massachusetts Lead Law requires that new owners of all residential properties constructed prior to 1978 in which a child under the age of six (6) will live, are obligated to bring the property into compliance with the MA Lead Law either through full deleading or interim control within ninety (90) days of taking title.

### **General Information – All Programs**

The new rule requires that all deteriorated paint must be stabilized or abated using safe work practices\*, except when the paint is found not to be lead based paint. Safe work practices must be used during stabilization of abatement when the area of paint to be disturbed is greater than:

- 20 square feet on exterior surfaces; or
- 2 square feet in an interior room; or
- 10% of a small surface building component (painted window, door, etc.)

\*Safe work Practices – Massachusetts requires lead abatement to be performed in compliance with MA Lead Paint Laws which generally require abatement by licensed lead abatement contractors except for some low impact activities that may be completed by owners or owner agents.

### **What does this mean for program participants?**

All recipients of HUD funded housing assistance programs must comply with the new lead paint regulations. Compliance may result in additional costs for testing, risk assessment and lead hazard treatment.

### **What type of assistance is available?**

Lead abatement is eligible for financing under the Town's Housing Rehabilitation Loan Program and the Quincy – Weymouth Lead Paint Safety Initiative or through private lenders participating in the Massachusetts Housing Finance Agency "Get the Lead Out" program. These programs offer a variety of financial options. Applicants must meet income eligibility and other applicable guidelines.

Participants may be eligible for reimbursement of inspection costs under HUD funded programs.

Information on these programs is available through:

Weymouth Department of Planning and Community Development  
75 Middle Street  
Weymouth, MA 02189  
(781) 340-5015

## REQUEST FOR VERIFICATION OF EMPLOYMENT

INSTRUCTIONS - EMPLOYER - PLEASE COMPLETE PART II. SIGN AND RETURN DIRECTLY TO LENDER NAMED IN ITEM 2.

### PART I - REQUEST

1. TO (Name and address of employer)	2. FROM (Name and address of lender) <b>WEYMOUTH PLANNING DEPARTMENT 75 MIDDLE STREET WEYMOUTH, MA 02189 ATTN: JOHN T. PARNABY</b>
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3. SIGNATURE OF LENDER	4. TITLE	5. DATE
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I have applied for a mortgage loan and stated that I am now or was formerly employed by you. My signature below authorizes verification of this information.

6. NAME AND ADDRESS OF APPLICANT (Include employee or badge #)	7. SIGNATURE OF APPLICANT
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### PART II - VERIFICATION OF PRESENT EMPLOYMENT

EMPLOYMENT DATA	PAY DATA			
8. APPLICANT'S DATE OF EMPLOYMENT	11.A. CURRENT BASE PAY (Enter Amount and Check Period) <input type="checkbox"/> -ANNUAL <input type="checkbox"/> -HOURLY <input type="checkbox"/> -MONTHLY <input type="checkbox"/> -OTHER <input type="checkbox"/> -WEEKLY (Specify)			PAY GRADE
9. PRESENT POSITION	\$ _____			11.C. FOR MILITARY PERSONNEL ONLY
10. PROBABILITY OF CONTINUED EMPLOYMENT	11.B. EARNINGS			TYPE
	TYPE	YR. TO DATE	PAST YEAR	MONTHLY AMT.
	BASE PAY	\$	\$	BASE PAY
				RATIONS
	OVERTIME	\$	\$	FLIGHT OR HAZARD
	COMMISSIONS	\$	\$	QUARTERS
	BONUS	\$	\$	PRO PAY
				OVERSEAS OR COMBAT
				\$

13. REMARKS (If paid hourly, please indicate average hours worked each week during current and past year.)

14. SIGNATURE OF EMPLOYER	15. TITLE	16. DATE
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The confidentiality of the information you have furnished will be preserved except where disclosure of this information is required by applicable law. The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.