

## **Frequently Asked Questions**

### **Do I need to be a first time homebuyer?**

No. The City has two avenues of funding: (1) for first time homebuyers (defined as someone who has not owned any interest in real estate for the past three years); (2) A NX buyer who owns a home in another community may apply. The equity in the other property is added to household income to determine eligibility.

### **What if I have less than perfect credit?**

Your primary lender may suggest ways to improve your credit, but good credit is not a requirement of the Program. However, you must be able to obtain a mortgage and afford the property. Completion of a financial counseling class in addition to homebuyer classes may be required.

### **Can I choose my own property?**

Yes. Applicants select their own property within City of Newton boundaries.

### **Can I buy a property and use it to generate income?**

Yes, however you must occupy one unit in the property as your principal residence. You may purchase up to a four-unit home and occupy one unit as your primary residence.

### **When are applications due?**

There is no due date. Applications are accepted on a rolling basis, however funding is limited and will be provided on a first-come first-served basis. Funding will be provided to qualified applicants who have: (1) completed the application process; *and* (2) provide a fully executed Offer to Purchase Real Estate, as long as funding is available.

### **What is a complete application?**

A complete application includes the application form filled out with all required information and documentation, including, but not limited to, income tax returns for the last three years, financial institution account information, evidence of income, and a preapproval from a lender of your choice. See the application for a complete checklist.

### **Do I need to provide income and asset documentation for each member of the household?**

Yes. Income is calculated on a total gross household income basis. All household member's income is included in the calculation, plus a percentage of assets.

### **What is the maximum amount of downpayment assistance?**

An applicant could receive UP TO one hundred thousand (\$100,000) dollars toward the purchase of an eligible property. The amount of downpayment assistance provided is based on a formula. The formula takes into consideration the household's gross income, the amount of personal funds utilized by the applicant, including gifts and/or grants, and the purchase price of the property.

The formula determines a monthly payment of no more than 33% of homebuyer's gross household income for principal, interest, taxes, condo fees, and insurance. This is called the "front end ratio" and is the percentage used by many commercial lenders to qualify a homebuyer for a mortgage.

**Do I have to pay the assistance back? Do I make payments to the assistance?**

No. Qualified applicants do not make payments on the funding assistance, provided that the applicant complies with the terms and conditions that require that the property be subsequently sold to an income-qualified buyer. The City will provide the buyer through a City Homebuyer Program. In the event an eligible buyer cannot be located, the City may elect to purchase the property, or the City may recapture the funding assistance.

**If I pay the funding assistance back, can I void the deed restriction?**

No. The deed restriction maintains permanent affordability of the unit and cannot be voided.

**How much can I sell the property for?**

The City determines the selling price of the property. The price will be calculated to ensure it is affordable to the subsequent buyer. The applicant's return on equity will be limited.

**How do improvements affect the Maximum Resale Price of my house?**

Improvements add to the value of your home, prolong its useful life, or adapt it to new uses. The cost of improvements will be considered in the calculation of the Maximum Resale Price (see the deed restriction section for the definition of MRP) and will effect the amount of funds that you recover, plus a limited amount of equity, when you sell the property. The amount of improvements that will be recoverable are limited, and are subject to proper documentation.

**Should I hire an attorney?**

Yes. You are encouraged to utilize whatever professionals you desire to ensure that you feel comfortable taking advantage of the Program.

**Where should I apply for a mortgage?**

You are free to select any lender and any mortgage product that works for your finances. See below for information on special programs that may be available to you.

**Are there mortgage products specifically for municipal employees?**

- *MassHousing Municipal Mortgage Program*

There is a mortgage product offered to municipal employees by MassHousing, called **the Municipal Mortgage Program**. Since the program requires no downpayment from the borrower it does require good credit. The program is for municipal employees whose household income does not exceed 135% of the HUD median household income for the community where they are trying to buy a home. For a list of incomes by city and town

call the Municipal Mortgage Hotline toll free 1-877-309-HOME or See MassHousing.Com for more information.

**Are there other programs I should consider?**

First Time Homebuyers may apply for the **Massachusetts Housing Partnership Fund Soft Second Program**. This program combines a conventional first mortgage with a subsidized second mortgage to help households to qualify for a mortgage and purchase a home for the first time. This program offers several benefits, including below market interest rates and no points. (See **MHP.Net** for a detailed explanation of eligibility and benefits.) Inform your primary lender as early as possible if you intend to participate. The Soft Second Program cannot be used in conjunction with the MassHousing Municipal Mortgage Program.