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*A Home* of Your Own

HOMEOWNERSHIP  
PROGRAMS  
OF THE  
MASSACHUSETTS  
HOUSING FINANCE  
AGENCY

17

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COLLECTION

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**To Prospective Massachusetts Homeowners:**

Every Massachusetts resident should have access to the economic benefits and security that come with owning your own home.

If you are thinking of buying or fixing up a home, we urge you to look into the homeownership programs offered by the Massachusetts Housing Finance Agency (MHFA). The Agency's programs provide low interest mortgages and home improvement loans to income-eligible households. In addition to low interest rates, these loan programs offer low downpayment requirements and flexible underwriting guidelines.

While providing a significant opportunity for hard working men and women to invest in a home of their own, MHFA's homebuyer programs require no state tax dollars and are funded through the sale of bonds to private investors.

We encourage all who qualify to take advantage of this opportunity to make the dream of owning your own home a reality.

William Weld  
Governor

Paul Cellucci  
Lt. Governor

## A Home of Your Own

**B**uying a home of your own brings stability and control, and encourages deeper roots in your community. Through the Massachusetts Housing Finance Agency (MHFA), the Commonwealth supports the American Dream of homeownership for people from all walks of life, living in every community throughout the state.

If you are of low- or moderate-income and want to buy your first home, or make needed home improvements, consider MHFA's lending programs. These programs have made below-market-rate mortgages or home improvement loans available to over 32,000 Massachusetts families.

**Benefits of MHFA financing:**

- Reduced interest rates
- Low, 3% downpayment requirement
- Favorable underwriting ratios
- Rehabilitation financing options
- Access to MHFA's Mortgage Insurance Fund
- Opportunities for homebuyer counseling
- 0, 1 and 2 point options
- Statewide availability

This brochure provides an overview of MHFA's programs. For complete details, visit one of the participating lenders or other participating organizations discussed inside.

## Availability

**M**HFA mortgage funds are raised through the sale of tax-exempt bonds to private investors. Between May 1996 and June 1997 the MHFA made over \$250 million in mortgage funds available. Funds are allocated on a continuing basis by MHFA and are available through participating lenders statewide on a first-come, first-served basis.

If you are close to making an offer on a home, contact a participating lender as to the availability of MHFA mortgage funds. A list of current lenders is included in the enclosed insert. Lenders are routinely advised of new mortgage offerings and can access detailed information from the MHFA on the status of funding for particular mortgage or home improvement programs.

## How to Apply

To apply for MHFA financing you should also contact a participating lender listed in the enclosed insert. For some loan programs, borrowers are advised to first contact a local housing rehabilitation or counseling agency listed in the enclosed insert. These groups work with MHFA to provide borrowers special services relating to specific loan programs.

## How to Qualify

### MHFA'S LOAN PROGRAMS ARE TARGETED TO BUYERS WHO:

- **Are first-time homebuyers** (someone who has not had an ownership interest in a principal residence within the past 3 years).  
*Exception:* You do not have to be a first-time buyer in federally targeted areas: Boston, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams and Somerville.
- **Are creditworthy.** To check your credit record and receive credit advice, you can call the Consumer Credit Counseling Service: 1-617-426-6644.

- **Meet income guidelines and home purchase price guidelines.** These guidelines are based on Federal Law and vary depending upon the geographic area in which you are buying. For MHFA's current guidelines, refer to the chart on page 12.

- **Have a signed Purchase and Sale Agreement.**

- **Qualify for the loan being requested.** Lenders will assess your ability to afford a home by considering your income, assets, job stability, liabilities, etc. Monthly housing expenses should not exceed 30% of your monthly income. Housing expenses plus other debt should not exceed 36% of monthly income.

*Exception:* Higher underwriting ratios (33% and 38%) are available to buyers who first complete an MHFA-approved Homebuyer Counseling course.

## Programs for Homebuyers

### GENERAL LENDING

**M**HFA's most popular mortgage program is known as General Lending. Under this program, below-market-rate mortgages are available to borrowers meeting general eligibility guidelines. Typically, half of these funds are set aside for priority borrowers who are:

- Lower-income households (\$31,000 or less)
- Veterans
- Minority households (Blacks, Hispanics, Asians, Cape Verdeans, and Native American Indians)
- Households in which a member has a disability.

To apply, prospective buyers should contact one of the participating lenders listed in the enclosed insert.

### PURCHASE AND REHABILITATION MORTGAGES

Mortgages covering the cost of the home plus necessary rehabilitation are available through MHFA's Purchase and Rehabilitation Program. To qualify, a borrower must meet MHFA's general eligibility guidelines and be purchasing a home that needs repairs costing a minimum of:

- \$3,000 for a single-family home
- \$4,000 for a 2-family home
- \$5,000 for a 3-family home
- \$6,000 for a 4-family home

The combined costs of buying and renovating the home must be supported by an appraisal and can not exceed MHFA's home purchase price guidelines.

To apply, interested borrowers should first contact one of the local housing rehabilitation agencies (LRAs) listed in the enclosed insert. These agencies will assist you in determining eligibility, identifying needed repairs, and hiring and overseeing the work of a contractor. They will also refer you to a participating lender who will process your mortgage loan application. Some MHFA lenders are also handling these loans directly in areas not covered by LRAs. Consult with a participating lender for details.

### HOMEBUYER COUNSELING

The Homebuyer Counseling Program educates first-time buyers in the complexities of the home-buying process and prepares them for the responsibilities of ownership.

#### Programs include discussions of:

- The mortgage application process
- Downpayment and closing cost requirements
- Credit evaluation
- Making an offer to purchase and getting a home inspection
- What you need for a closing
- Special considerations for buyers of condominiums or 2-4 family homes.

To qualify you must meet MHFA's general eligibility guidelines and complete an approved counseling class offered by a participating housing counseling organization. These organizations, listed on the enclosed insert, will also refer graduates to a participating lender.

#### **ACQUISITION SET-ASIDE PROGRAM (ASAP)**

ASAP helps first-time buyers access affordable housing opportunities in MHFA-approved residential developments statewide. In these developments, builders, banks, regulators or investors are offering existing single-family homes or condominiums priced within MHFA's cost guidelines. Buyers of these units can access below-market-rate mortgages from MHFA.

To qualify, buyers must meet MHFA's general eligibility guidelines and purchase a home in a participating development.

#### **REOpportunity**

The REOpportunity program is available for buyers of MHFA-held foreclosed properties. Below-market-rate mortgages are available to qualified borrowers (see page 12). Standard financing can be arranged for buyers **who do not meet MHFA guidelines**. All buyers benefit from home-buyer counseling, a rehabilitation package and cash incentives. Buyers interested in REOpportunity should call (617) 854-1313 to receive a list of properties or to ask questions about this program.

#### **SPECIAL PROGRAMS**

- MHFA's **Mortgage Insurance Fund** provides required private mortgage insurance on all mortgages involving downpayments of less than 25% of the home purchase price. Based on their individual needs, buyers can choose from one of the annual or monthly payment options offered by the Fund.

## Programs for Homeowners

### HOME IMPROVEMENT LOAN PROGRAM

**T**o assist homeowners faced with repairs, MHFA offers low-cost loans of up to \$15,000 to correct code violations or make other home improvements. Loans are available for terms ranging from 6 months to 15 years and can be used for such things as:

- Improving sewage disposal systems (including septic systems)
- enhancing basic living conditions, safety, or energy efficiency
- bringing a home up to standards required by state or local building codes

To qualify, homebuyers must be income eligible. To apply, contact one of the local housing rehabilitation agencies listed in the enclosed insert. These agencies will help you identify and estimate repairs, find a contractor, and make sure the work is done according to specifications. These agencies will also refer you to a participating lender who will process your loan application.

### QUALIFIED REHABILITATION

To cover repairs of more than \$15,000, MHFA also offers a mortgage refinancing program for homeowners. To qualify, borrowers must be income eligible, and:

- the property being rehabilitated must be a 1-4 family home, at least 20 years old, and occupied by the owner.
- the loan cannot be used to add rooms or create an apartment.

- the maximum loan amount cannot exceed 95% of MHFA's home purchase price limits (shown on page 12) or the appraised value of the property after rehabilitation, whichever is less.

These loans are available in limited situations. To determine if you are eligible and to apply, contact one of the local housing rehabilitation agencies listed in the enclosed insert.

### GET THE LEAD OUT

MHFA's Get The Lead Out Program provides low-cost financing to owners of 1-4 family properties to remove lead paint and reduce the possibilities of lead poisoning among children.

- Owner occupants who meet the income guidelines shown on page 12 are eligible for a 0% deferred payment loan not due until the sale or refinancing of the property.
- Nonprofit organizations are eligible for 0% fully amortizing loans on properties that are being rented to income eligible households.
- Investor owners are eligible for 3% fully amortizing loans on properties that are being rented to income eligible households.

### The maximum loan amounts are:

- Single-family     \$20,000
- 2-family            \$25,000
- 3-family            \$30,000
- 4-family            \$35,000

For non-profits and investor owners, loan terms run from 5-20 years, based on the size of the loan and borrower qualifications.

To apply, contact one of the housing rehabilitation agencies shown in the enclosed insert. They will assist you in applying for financing and in locating contractors to handle the inspection and abatement process.

### **Costs to the Homebuyer**

When applying for any MHFA loan, borrowers will be charged an MHFA processing fee by the lender of \$150.

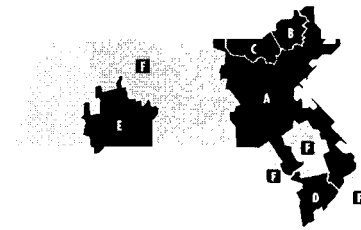
There will also be customary closing costs and mortgage application fees charged by the lender as there would be with any conventional loan. These may range from 2% to 5% of the mortgage loan amount. Your lender should provide you with a complete description of closing costs as part of the mortgage loan application process.

### **Federal Recapture Provisions**

Because they have received a subsidized mortgage through MHFA, buyers who sell their homes within 9 years of the purchase date may have to pay a federal recapture tax. The amount of recapture is determined using a formula which considers household income at the time of the sale; the year the home is sold; and how much capital gain has been recognized on the sale of the home. **Lenders are required to disclose and discuss this information with you in more detail at the time that you apply for and close your MHFA loan.**

## MHFA Acquisition Cost and Income Limits

Use the code on the map at right or refer to the community listings on page 14 to find the market area in which your potential home is located.



MARKET AREA	COMMUNITIES WITHIN AREA	1-2 PERSONS	3 OR MORE	TYPES OF CONSTRUCTION & MAXIMUM PURCHASE PRICE			
A. BOSTON MARKET AREA	BOSTON, CAMBRIDGE,* CHELSEA, EVERETT, LYNN, SOMERVILLE	\$50,000	\$57,000	SINGLE FAMILY NEW	\$165,000	SINGLE FAMILY EXISTING	\$165,000
				2 FAMILY NEW	\$185,000	2 FAMILY EXISTING	\$185,000
				3 FAMILY EXISTING	\$224,000	3 FAMILY EXISTING	\$224,000
				4 FAMILY EXISTING	\$261,000	4 FAMILY EXISTING	\$261,000
	ALL OTHER COMMUNITIES	\$50,000	\$57,000	SINGLE FAMILY NEW	\$144,000	SINGLE FAMILY EXISTING	\$144,000
				2 FAMILY NEW	\$162,000	2 FAMILY EXISTING	\$162,000
				3 FAMILY EXISTING	\$196,000	3 FAMILY EXISTING	\$196,000
				4 FAMILY EXISTING	\$228,000	4 FAMILY EXISTING	\$228,000
B. LAWRENCE MARKET AREA	LAWRENCE	\$47,000	\$54,000	SINGLE FAMILY NEW	\$160,000	SINGLE FAMILY EXISTING	\$146,000
				2 FAMILY NEW	\$180,000	2 FAMILY EXISTING	\$164,000
				3 FAMILY EXISTING	\$198,000	3 FAMILY EXISTING	\$198,000
				4 FAMILY EXISTING	\$231,000	4 FAMILY EXISTING	\$231,000
	ALL OTHER COMMUNITIES	\$47,000	\$54,000	SINGLE FAMILY NEW	\$143,000	SINGLE FAMILY EXISTING	\$120,000
				2 FAMILY NEW	\$161,000	2 FAMILY EXISTING	\$135,000
				3 FAMILY EXISTING	\$163,000	3 FAMILY EXISTING	\$163,000
				4 FAMILY EXISTING	\$190,000	4 FAMILY EXISTING	\$190,000
C. LOWELL MARKET AREA	ALL	\$50,000	\$57,000	SINGLE FAMILY NEW	\$143,000	SINGLE FAMILY EXISTING	\$120,000
				2 FAMILY NEW	\$161,000	2 FAMILY EXISTING	\$135,000
				3 FAMILY EXISTING	\$163,000	3 FAMILY EXISTING	\$163,000
				4 FAMILY EXISTING	\$190,000	4 FAMILY EXISTING	\$190,000
D. NEW BEDFORD MARKET AREA	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW	\$143,000	SINGLE FAMILY EXISTING	\$117,000
				2 FAMILY NEW	\$161,000	2 FAMILY EXISTING	\$131,000
				3 FAMILY EXISTING	\$159,000	3 FAMILY EXISTING	\$159,000
				4 FAMILY EXISTING	\$185,000	4 FAMILY EXISTING	\$185,000
E. SPRINGFIELD MARKET AREA	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW	\$143,000	SINGLE FAMILY EXISTING	\$111,000
				2 FAMILY NEW	\$161,000	2 FAMILY EXISTING	\$124,000
				3 FAMILY EXISTING	\$151,000	3 FAMILY EXISTING	\$151,000
				4 FAMILY EXISTING	\$175,000	4 FAMILY EXISTING	\$175,000
F. BALANCE OF STATE MARKET AREA	FALL RIVER NORTH ADAMS	\$46,000	\$52,000	SINGLE FAMILY NEW	\$145,000	SINGLE FAMILY EXISTING	\$140,000
				2 FAMILY NEW	\$163,000	2 FAMILY EXISTING	\$157,000
				3 FAMILY EXISTING	\$190,000	3 FAMILY EXISTING	\$190,000
				4 FAMILY EXISTING	\$221,000	4 FAMILY EXISTING	\$221,000
	ALL OTHER COMMUNITIES	\$46,000	\$52,000	SINGLE FAMILY NEW	\$143,000	SINGLE FAMILY EXISTING	\$120,000
				2 FAMILY NEW	\$161,000	2 FAMILY EXISTING	\$135,000
				3 FAMILY EXISTING	\$163,000	3 FAMILY EXISTING	\$163,000
				4 FAMILY EXISTING	\$190,000	4 FAMILY EXISTING	\$190,000

\*While Cambridge is a federally-targeted area, the City of Cambridge requires MHFA loan recipients to be first-time homebuyers. All other targeted communities above do not require this.



# List of Communities

ABINGTON	F	BROCKTON	F	EAST BRIDGEWATER	F	HADLEY	E	LAKEVILLE	F	MILTON	A
ACTON	A	BREWSTER	F	EAST BROOKFIELD	F	HALIFAX	F	LANCASTER	A	MONROE	F
ACUSHNET	D	BROOKFIELD	F	EAST LONGMEADOW	E	HAMILTON	A	LANESBOROUGH	F	MONSON	E
ADAMS	F	BROOKLINE	A	EASTHAM	F	HAMPDEN	E	LAWRENCE	B	MONTAGUE	F
AGAWAM	E	BUCKLAND	F	EASTHAMPTON	E	HANCOCK	F	LEE	F	MONTEREY	F
ALFORD	F	BURLINGTON	A	EASTON	F	HANDOVER	A	LEICESTER	F	MONTGOMERY	E
AMESBURY	A			EDGARTOWN	F	HANSON	F	LENOX	F	MT. WASHINGTON	F
AMHERST	E			EGREMONT	F	HARDWICK	F	LEOMINSTER	F		
ANDOVER	B	CAMBRIDGE	A	ERVING	F	HARVARD	A	LEVERETT	F		
ARLINGTON	A	CANTON	A	ESSEX	A	HARWICH	F	LEXINGTON	A	NAHANT	A
ASHBURNHAM	F	CARLISLE	A	EVERETT	A	HATFIELD	E	LEYDEN	F	NANTUCKET	F
ASHBY	F	CARVER	A			HAVERHILL	B	LINCOLN	A	NATICK	A
ASHFIELD	F	CHARLMOnt	F			HAWLEY	F	LITTLETON	A	NEEDHAM	A
ASHLAND	A	CHARLTON	F	FAIRHAVEN	D	HEATH	F	LONGMEADOW	E	NEW ASHFORD	F
ATHOL	F	CHATHAM	F	FALL RIVER	F	HINGHAM	A	LOWELL	C	NEW BEDFORD	D
ATTLEBORO	F	CHELMSFORD	C	FALMOUTH	F	HINSDALE	F	LUDLOW	E	NEW BRAintree	F
AUBURN	F	CHELSEA	A	FITCHBURG	F	HOLBROOK	A	LUNENBERG	F	NEW MARLBOROUGH	F
AVON	F	CHESHIRE	F	FLORIDA	F	HOLDEN	F	LYNN	A	NEW SALEM	F
AYER	A	CHESTER	F	FOXBOROUGH	A	HOLLAND	F	LYNNFIELD	A	NEWBURY	A
		CHESTERFIELD	F	FRAMMINGHAM	A	HOLLISTON	A			NEWBURYPORT	A
		CHICOPPEE	E	FRANKLIN	A	HOLYOKE	E			NEWTON	A
BARNSTABLE	F	CHILMARK	F	FREETOWN	D	HOPEDALE	A	MALDEN	A	NORFOLK	A
BARRE	F	CLARKSBURG	F			HOPKINTON	A	MANCHESTER	A	NORTH ADAMS	F
BECKET	F	CLINTON	F			HUBBARDSTON	F	MANSFIELD	A	NORTH ANDOVER	B
BEDFORD	A	COHASSET	A	GARDNER	F	HUDSON	A	MARBLEHEAD	A	NORTH ATTLEBOROUGH	F
BEICHERTOWN	E	COLRAIN	F	GAY HEAD	F	HULL	A	MARION	D	NORTH BROOKFIELD	F
BELLINGHAM	A	CONCORD	A	GEORGETOWN	B	HUNTINGTON	E	MARLBOROUGH	A	NORTH READING	A
BELMONT	A	CONWAY	F	GILL	F			MARSHFIELD	A	NORTHAMPTON	E
BERKLEY	A	CUMMINGTON	F	GLOUCESTER	A			MASHPEE	F	NORTHBOROUGH	F
BERLIN	A			GOSHEN	F	IPSWICH	A	MATTAPOISETT	D	NORTHBRIDGE	F
BERNARDSTON	F			GOSNOLD	F			MAYNARD	A	NORTHFIELD	F
BEVERLY	A	DALTON	F	GRAFTON	F			MEDFIELD	A	NORTON	A
BILLERICA	C	DANVERS	A	GRANBY	E	KINGSTON	A	MEDFORD	A	NORWELL	A
BLACKSTONE	A	DARTMOUTH	D	GRANVILLE	F			MEDWAY	A	NORWOOD	A
BLANDFORD	F	DEDHAM	A	GREAT BARRINGTON	F			MELROSE	A		
BOLTON	A	DEERFIELD	F	GREENFIELD	F			MENDON	A		
BOSTON	A	DENNIS	F	GROTON	C			MERRIMAC	B	OAK BLUFFS	F
BOURNE	F	DIGHTON	A	GROVELAND	B			METHUEN	B	OAKHAM	F
BOXBOROUGH	A	DOUGLAS	F					MIDDLEBOROUGH	F	ORANGE	F
BOXFORD	B	DOVER	A					MIDDLEFIELD	F	ORLEANS	F
BOYLSTON	F	DRACUT	C					MIDDLETON	A	OTIS	F
BRAINTREE	A	DUDLEY	F					MILFORD	A	OXFORD	F
BRIDGEWATER	F	DUNSTABLE	C					MILLBURY	F		
BRIMFIELD	F	DUXBURY	A					MILLIS	A		
								MILLVILLE	A		



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Executive Director

Michael J. Dirrane  
Chairman

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PAXTON	F	SHIRLEY	A	WARWICK	F
PEABODY	A	SHREWSBURY	F	WASHINGTON	F
PELHAM	F	SHUTESBURY	F	WATERTOWN	A
PEMBROKE	A	SOMERSET	F	WAYLAND	A
PEPPERELL	C	SOMERVILLE	A	WEBSTER	F
PERU	F	SOUTH HADLEY	E	WELLESLEY	A
PETERSHAM	F	SOUTHAMPTON	E	WELLFLEET	F
PHILLIPSTON	F	SOUTHBOROUGH	A	WENDELL	F
PITTSFIELD	F	SOUTHBRIDGE	F	WENHAM	A
PLAINFIELD	F	SOUTHWICK	E	WEST BOYLSTON	F
PLAINVILLE	A	SPENCER	F	WEST BRIDGEWATER	F
PLYMOUTH	A	SPRINGFIELD	E	WEST BROOKFIELD	F
PLYMPTON	F	STERLING	F	WEST NEWBURY	B
PRINCETON	F	STOCKBRIDGE	F	WEST SPRINGFIELD	E
PROVINCETOWN	F	STONEHAM	A	WEST STOCKBRIDGE	F
		STOUGHTON	A	WEST TISBURY	F
QUINCY	A	STOW	A	WESTBOROUGH	F
		STURBRIDGE	F	WESTFIELD	E
RANDOLPH	A	SUDBURY	A	WESTFORD	C
RAYNHAM	F	SUNDERLAND	E	WESTHAMPTON	F
READING	A	SUTTON	F	WESTMINSTER	F
REHOBOTH	F	SWAMPSCOTT	A	WESTON	A
REVERE	A	SWANSEA	F	WESTPORT	F
RICHMOND	F			WESTWOOD	A
ROCHESTER	D			WEYMOUTH	A
ROCKLAND	A	TAUNTON	A	WHATLEY	F
ROCKPORT	A	TEMPLETON	F	WHITMAN	F
ROWE	F	TEWKSBURY	C	WILBRAHAM	E
ROWLEY	A	TISBURY	F	WILLIAMSBURG	E
ROYALSTON	F	TOLLAND	F	WILLIAMSTOWN	F
RUSSELL	E	TOPSFIELD	A	WILMINGTON	A
RUTLAND	F	TOWNSEND	A	WINCHENDON	F
		TRURO	F	WINCHESTER	A
		TYNGSBOROUGH	C	WINDSOR	F
SALEM	A	TYRINGHAM	F	WINTHROP	A
SALISBURY	A			WOBURN	A
SANDISFIELD	F	UPTON	A	WORCESTER	F
SANDWICH	F	UXBRIDGE	F	WORTHINGTON	F
SAUGUS	A			WRENTHAM	A
SAVOY	F	WAKEFIELD	A		
SCITUATE	A	WALES	F	YARMOUTH	F
SEEKONK	F	WALPOLE	A		
SHARON	A	WALTHAM	A		
SHEFFIELD	F	WARE	E		
SHELburne	F	WAREHAM	A		

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EQUAL HOUSING  
OPPORTUNITY

MASSACHUSETTS HOUSING  
FINANCE AGENCY

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