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HOMEBUYER DISCLOSURE STATEMENT

This Homebuyer Disclosure Statement describes the conditions and restrictions that apply to first-time homebuyers who wish to purchase a home constructed or rehabilitated using funds obtained under the Housing Stabilization Fund program (the "HSF Program") and the City of Worcester's program under the United States HOME Investment Partnerships Act (the "HOME Program"). Anyone intending to purchase a home under the HSF or HOME Program is required to acknowledge at the time of closing that they have read this Homebuyer Disclosure Statement and understand the restrictions and conditions imposed on them on resale of their new home.

I. Program Overview

The HSF and HOME Programs are designed to assist developers in constructing or rehabilitating housing for sale to low-income first-time homeowners. The HSF Program has been developed by the Massachusetts Department of Housing and Community Development ("DHCD") and the HOME Program by the United States Department of Housing and Urban Development ("HUD"). Housing constructed or rehabilitated under the HSF and HOME Program will be made available to qualifying households whose incomes do not exceed levels set by the federal Department of Housing and Urban Development. A total of \$50,000 of HSF Program funds (the "HSF Investment Amount") and \$40,000 of HOME Program Funds (the "HOME Investment Amount") was used to assist Worcester Community Housing Resources, Inc., (the "Developer") in developing the home you are purchasing. Portions of the HSF Investment Amount equal to \$_____ (the "State Assistance Amount") and the HOME Investment Amount \$_____ (the "City Assistance Amount") reduced the price of the dwelling you are purchasing.

II. Participation in the Program

Participation in the Program is limited to income eligible first-time homebuyers. An income table is attached to this Homebuyer Disclosure Statement as Exhibit A. A first-time homebuyer is defined as an individual or an individual and his or her spouse who have not owned a home during the 3-year period before the purchase of a home under the HSF and HOME Program, except that:

(1) Any individual who is a displaced homemaker (as defined by HUD) may not be excluded from consideration as a first-time homebuyer on the basis that the individual, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse;

(2) Any individual who is a single parent (as defined by HUD) may not be excluded from consideration as a first-time homebuyer under this definition on the basis that the individual, while married, owned a home with his or her spouse or resided in a home owned by the spouse; and

(3) An individual may not be excluded from consideration as a first-time homebuyer on the basis that the individual owns or owned, as a principal residence during the 3-year period before the purchase of a home under the Program, a dwelling unit whose structure is:

(i) Not permanently affixed to a permanent foundation in accordance with local or other applicable regulations; or

(ii) Not in compliance with State, local, or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

III. Resale/Recapture

You will be required to give a right of first refusal to the state DHCD and/or the City of Worcester for a period of fifty years. If you sell your home within fifty years to DHCD or to the City or to an eligible first-time homebuyer found by DHCD or the City, the sales prices will be your original purchase price escalated by the consumer price index.

If you sell your home within fifty years to a third party other than a first-time homebuyer found by DHCD or the City, you must pay back to DHCD and the City amounts equal to the greater of (x) the combined original State and City Assistance Amounts reduced by one fiftieth for each full year elapsed since the closing and (y) the amount by which the sales price for your home exceeds your original purchase price for your home escalated by the consumer price index. Except in the case of a violation of a Program restriction, you will not, however, be required to pay back an amount greater than the amount (the "net proceeds") by which the sale price for your home exceeds the sum of any approved mortgage loan on your home (based on the outstanding loan balance at the time of sale) plus any brokers' commissions paid by you in connection with the sale plus recording costs and deed stamps paid by you in connection with the sale plus the cost of the appraisal.

Example 1: Assume you closed on the purchase of a home on June 30, 2006 for a purchase price of \$120,000, with an approved mortgage loan of \$114,000 and an assistance amount of \$10,000 under the Program. Assume further that you sell your home on September 15, 2018 for a purchase price of \$150,000 and pay a broker's commission of \$7,500, deed stamps of \$684, recording fees of \$25 and appraisal costs of \$300. Assume also that at the time of sale your approved first mortgage has been reduced to \$70,000 and that the consumer price index has risen by 20% during the period of your ownership. The sale would yield net proceeds of \$71,491 (\$150,000 less the sum of \$70,000 plus \$7,500 plus \$668 plus \$25 plus \$300). Twelve full years would have elapsed since the closing date. Twelve fiftieths of the original City plus State Assistance Amount would equal \$2,400. Accordingly, you would be required to repay the greater of (x) thirty-eight fiftieths of the total Assistance Amount, or \$7,600 and (y) the amount by which the sales price (\$150,000) exceeded your purchase price increased by the increase in the consumer price index (\$144,000) or \$6,000; so long as the greater amount did not exceed your net proceeds from the sale. Since the greater of the two amounts would be \$7,600 and since the net proceeds from the sale would be \$71,491, you would be required to repay \$7,600 to DHCD and/or the city, by a formula splitting the proceeds between them.

Example 2: Assume the same facts as in Example 1, but with a 15% increase in the consumer price index. The net proceeds would be \$71,491. Accordingly, you would be required to repay the greater of (x) \$7,600 or (y) the amount by which the sales price (\$150,000) exceeded your purchase price increased by the consumer price index (\$138,000) or \$12,000; so long as the greater amount did not exceed your net proceeds from the sale. Since the greater of the two amounts would be \$12,000 and since the net proceeds from the sale would be \$71,491, you would be required to repay \$12,000 to DHCD and/or the city, by a formula splitting the proceeds between them.

Example 3: Assume the same facts as in Example 1, but with a balance of \$112,000 owing on the approved first mortgage at the time of sale and no increase in the consumer price index. Net proceeds to you would be \$29,491 (\$150,000 less the sum of \$112,000 plus \$7,500 plus \$684 plus \$25 plus \$300). Accordingly, you would be required to repay the greater of (x) \$7,600 or (y) the amount by which the sales price (\$150,000) exceeded your purchase price (\$120,000), or \$30,000; so long as the greater amount did not exceed your net proceeds from the sale. Since the greater of the two amounts would be \$30,000 and since the net proceeds from the sale would be only \$29,491, you would be required to repay \$29,491 to DHCD and/or the city, by a formula splitting the proceeds between them.

If you sell your home after fifty years, and you have not previously violated any of the Program restrictions, no recapture will be required.

If, however, you violate any of the restrictions or conditions of the Program during such fifty years, you must repay the entire HSF and HOME Investment Amounts, without reduction.

IV. Program Requirements and Restrictions

The HSF and HOME Program requires that you sign a deed rider at the closing. This document will set out in detail the terms and conditions of your repayment and other obligations. Even if you are eligible to receive a public subsidy, you may be obligated to repay to DHCD and/or the City the full Assistance Amount.

If the home you purchase is a multi-family dwelling containing one or more rental units, the deed rider will contain restrictions on who may occupy the rental units, the rent you may charge for the rental units and other terms of your arrangement with occupants of the rental units.

It is a general requirement that the home you purchase under the HSF and HOME Programs must be used by you as your primary residence. It is also a requirement of the HSF and HOME Programs (as described above) that you repay all or a portion of the Assistance Amount if you sell or otherwise transfer your home within fifty years after your purchase.

If, within fifty years after the closing on your purchase, you violate any of the HSF or HOME Program requirements as more fully set forth in the deed rider, you will be considered in default and you will be responsible for repayment of the entire Assistance Amount, without reduction.

V. Acknowledgments

I have read this Homebuyer Disclosure Statement and I understand the benefits and restrictions of the HSF and HOME Programs, including that I may be required to repay all or a portion of the Assistance Amount when I sell my home. I further acknowledge that I have read the deed rider and that I understand the obligations that I undertake by signing that document.

Witness

Homebuyer

Witness

Homebuyer

Dated: _____