

FAQ FOR KHHT HOUSING LOTTERY for 1 BRIGGS WAY

The following Q&A is meant to answer questions people may have regarding the Kennebunkport Heritage Housing Trust, KHHT, housing lottery process. It is important to understand that not all households who want to become KHHT homeowners will be able to do so even if they meet all the income eligibility requirements and complete all the steps in the lottery process.

If you have questions that this Q&A doesn't address, please reach out to Larissa Crockett, executive director, by email at lcrockettkhht@gmail.com. We are here to help make this process as straightforward as possible!

Q. What is a Housing Lottery?

A: An affordable Housing Lottery aims to give low to moderate income households the opportunity of Home Ownership. This is a 'First-Time' home buyer program, with a few exceptions, in which Potential Buyers (Applicants) submit their application along with supporting documents to be reviewed and approved for the program. Once the application is reviewed and the applicant is deemed eligible for the Affordable Program, they will be submitted into a drawing for the home at 1 Briggs Way.

Q: Why is there a lottery?

A: The Lottery selection process is for use in the likely situation where the number of eligible applicants exceed the number of affordable homes.

Q. How will applicants for the affordable home be selected?

(Only complete applications will be entered into the lottery)

A: Each applicant shall be assigned a confirmation code once all required information is received.

Late applications will not be considered for the lottery. NO EXCEPTIONS.

Applicants will be assigned a placement according to their lottery number drawn. After the lottery, the highest placement participant will be screened for any additional information required, and upon approval of eligibility by KHHT, will be invited to enter into a Purchase and Sale agreement, and subsequently apply for a mortgage loan to purchase the home at 1 Briggs Way.

As an example: 10 eligible homeowners are assigned lottery numbers and placed in a lottery for the home at 1 Briggs Way. The numbers are drawn and recorded in the order

they are drawn. The first household is contacted and if they are determined to meet all income eligibility requirements and can secure a mortgage for the home are offered the opportunity to buy the home. If this household is not able to or does not wish to buy the home, the next household pulled in the lottery will be contacted and made the same offer subject to the same requirements. This process will continue until the home is sold.

Q: Who is eligible to apply for Affordable Homes?

A: Applicants must be first-time homebuyers. A person is a “first-time homebuyer” if no person in the household has, within the preceding three years, owned a home or owned an interest in a home with one or more people, such as through joint ownership with the exception of:

- Displaced homemakers where the displaced homemaker (an adult who has not worked full-time in the labor force for several years but has, during such years worked primarily without remuneration to care for the home and family), while a homemaker, owned a home with their partner or resided in a home owned by the partner.
- Single parents where the individual owned a home with their partner or resided in a home owned by the partner, and is a single parent, unmarried or legally separated from a spouse, and either has one or more children of whom the individual has custody or joint custody, or is pregnant;
- Elderly households (where at least one household member is 55 or over);
- Households that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; and
- 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.

Individuals who have a financial interest in KHHT or Heritage Woods, and their families, shall not be eligible.

Q. If I presently own a home could I qualify to purchase an affordable home?

A. Yes. Only if you meet the exceptions to the First Time Homebuyer rule as listed above. However, you must sell your home before you close on the affordable home. The equity in the home, in other words the amount of money made from the sale of the home, must be included in the determination of assets.

Q. If I am currently in the process of a separation and plan on being legally divorced can I still apply?

A: Your divorce does not need to be finalized when you apply for the lottery; however, it must be finalized before you purchase the home. You will not be allowed to purchase an

affordable home until the terms regarding the allocation of assets and custody of children are finalized, so your income and assets eligibility can accurately be determined. If you have only filed for separation and your divorce is not finalized, you will not be eligible to purchase the home at 1 Briggs Way.

Q: I am disabled; will the home be modified based on my disability?

A: This is an existing home and there is not a budget to make modifications to the home.

MAXIMUM INCOME -

Q: What is the maximum family income and asset eligibility requirement?

A: To be eligible to purchase 1 Briggs Way, annual income and assets of all household members must meet area median income limits as determined by HUD. Income limits are based on family size, which varies by county.

Generally, on an annualized basis, the US Department of Housing and Urban Development (HUD) publishes income guidelines. The applicant will be subject to the published guidelines for households earning no more than 120% AMI as shown below:

	Household Size					
Area Median Income	1	2	3	4	5	6
120%	\$82,275	\$93,975	\$105,750	\$117,450	\$126,900	\$136,275

Q: How do you determine household income?

A: KHHT will determine a household's income based on all sources of income for all household members ages 18 or older, with the exception of full-time students.

This includes, but is not limited to, Social Security, alimony, child support, overtime pay, bonuses, unemployment, severance pay, part-time employment, matured bonds, monies to be received in court settlements and imputed interest and dividends on bank accounts and other assets.

Q: What constitutes a household?

A: A household constitutes the number of persons who plan to reside in the home regardless of marital status. Gross income from all household members over the age of 18

(except for full-time students) shall be considered in determining compliance with income eligibility requirements.

Q. I am expecting a child. Do I add the child to our household size?

A: To have your expected child included in household size KHHT will need documentation from your Obstetrician/Gynecologist or adoption agency stating you are expecting a child. This will determine if the child can be included in the household.

Q. When will the affordable home be available for occupancy?

A: This home will be available for occupancy within 90 days of the signed purchase and sales agreement. This is to allow the current owner sufficient time to purchase a new home.

Q: Do I have to be a resident of the Town to apply?

A: No. All households that meet the income guidelines specified above may apply for an affordable home.

Q: Is there a priority for larger households?

A: No.

Q. I have been selected in the lottery; do I automatically get a home?

A: No. Because you rank high in the lottery process does not mean that you automatically “win” a home. It means that you have won the opportunity, not the obligation, to purchase a home. You must still meet all program eligibility requirements and will need to receive a financing commitment to purchase the property. If you meet the eligibility requirements but are unable to secure financing, you will lose the opportunity to purchase the home.

Q. I did not receive a high placement in the lottery process, will I be able to purchase a home?

A: Often there is movement on the placement list. Applicants who received a high lottery placement may have withdrawn their application or may not be able to obtain a financing commitment, or decided not to go forward for a variety of reasons. If the list changes, applicants will be notified as to their new placement on the waiting list.

Q. Once I am entered into the lottery drawing will additional documents be required.

A: Not for eligibility into the lottery drawing.

Q. Once the lottery drawing has been completed, will additional documents be required?

A. Yes. Prior to receiving “final approval” from KHHT to purchase the home, you will need to obtain a “firm Financing commitment” from your lender.

FINANCING:

Q: Do I need to attend homebuyer education classes?

A: Yes. In order to be considered eligible for the housing lottery households will need to complete a homeownership education class offered by AVESTA or YCCAC.

Q. Do we need to get a pre-approval from a lender?

A: Yes, A pre-approval is required for the application process. When applying for pre-approval, your approval must include a breakdown of the mortgage payment in addition to the interest, and term of the loan.

Q. How or where do I apply for a mortgage?

A: We strongly recommend that applicants apply for financing with banks that are familiar with the affordable housing deed restrictions and guidelines for affordable housing programs.

There are many institutional lenders and mortgage brokers that are familiar with the qualifying process to purchase affordable homes. We are willing to share these references upon request by email or phone. In addition, there are other lenders and mortgage brokers who may participate in this process. Your lender must be an institutional lender.

There are many programs available for First Time Homebuyers including those offered by MaineHousing. We suggest you or your lender refer to the MaineHousing website www.MaineHousing.org.

Q. Are there any requirements on the type of loan I receive?

A. No.

Q: What are the minimum income requirements?

A: Minimum income requirements are determined by individual lenders.

Q: Once I am approved by the lender are there additional approvals required.

A: Yes. Typically, your lender, not KHHT, will re-qualify you for the loan a few days prior to closing, including but not limited to an additional credit check, job verification, marital status, etc. As a result, your lender could deny your loan even though it may have been previously approved.

Therefore, before any household members decide to make any lifestyle changes, such as but not limited to; job changes, marital status, substantial additional debt for payments for large purchases, etc., consult with your lender as to what effect this could have on your loan.

Q. Are there restrictions upon resale or refinancing?

A: Yes, the intention of KHHT homes is to give people the opportunity to purchase homes at reduced prices that otherwise may not qualify for a conventional purchase. There is a likely possibility that the home you are purchasing could be worth substantially more on the open market without limits on resale included in the Land Lease.

However, you will not be able to sell the home at market rate prices and pocket the difference.

This home has a Land Lease that will be recorded with the mortgage at the time of purchase. This Land Lease in part limits the amount the home can be resold for or refinanced for and requires that it be resold to another affordable buyer. The Land Lease ensures that the home stays affordable for perpetuity.

Upon resale or refinance you must notify KHHT in accordance with the requirements in the Land Lease.

KHHT will determine the Maximum Resale or refinancing amount.

Q. Are there restrictions on using the home as a rental property?

A. Yes. This home must be the primary residence of the owner and may not be used as a rental property or as a short-term rental property. The owner must live in the home 12 months of each year unless an agreement is reached with the KHHT Board.

Q. What if my understanding of the English language is limited?

A. KHHT is committed to broadening access for persons with limited English proficiency (LEP) as a general Fair Housing principal.

KHHT shall, upon request, make reasonable accommodations, at no cost to the applicant, to assist an applicant with limited English proficiency of their understanding of application documents.