



**2022**

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# **Affordable Homeownership Program**

mainehousing.org | 207-626-4600

## Table of Contents

<b>Introduction</b> .....	<b>3</b>
<b>Funding and Pledges</b> .....	<b>3</b>
<b>Eligible Uses</b> .....	<b>4</b>
<b>Timing of Applications</b> .....	<b>4</b>
<b>Location</b> .....	<b>4</b>
<b>Targeting</b> .....	<b>4</b>
<b>Eligible Developers</b> .....	<b>5</b>
<b>Construction Standards</b> .....	<b>5</b>
<b>Security</b> .....	<b>5</b>
<b>Application Requirements</b> .....	<b>6</b>
<b>Submission and Contact Information</b> .....	<b>6</b>
<b>MaineHousing Non-Discrimination Policy</b> .....	<b>6</b>
<b>Exhibit A Declaration of Covenants and Restrictions</b> .....	<b>8</b>
<b>Exhibit B Application</b> .....	<b>12</b>
<b>Exhibit C Development Budget</b> .....	<b>13</b>

## Introduction

The Maine State Housing Authority (“MaineHousing”) is pleased to announce the Affordable Homeownership Program. In an effort to offer solutions to the current affordable housing crisis, which disproportionately impacts low and moderate income Maine households, MaineHousing is making funds available to facilitate the development of affordable single-family housing.

The funds disbursed under the Affordable Homeownership Program are a small portion of the overall financing of a single-family housing development. The Affordable Homeownership Program is intended to incent developers to create modestly sized and priced homes that will appeal to first-time homebuyers or other homebuyers who earn up to 120% of Area Median Income (AMI) and would be attracted to homes more appropriately sized and priced than many available today. The goal of MaineHousing’s funding is to help lower the costs for developers constructing homes in a single-family housing development by providing zero percent forgivable loans to reimburse developers for land acquisition costs, site development soft costs including construction loan interest, on-site infrastructure costs, and construction costs. Funds made available under the Affordable Homeownership Program are not intended to be used to pay pre-development costs.

For purposes of the Affordable Homeownership Program, an **“Affordable Homeownership Unit”** is a new (never previously occupied), owner-occupied single-family home that meets the criteria outlined herein. Manufactured housing and modular housing are included, along with stick built, in allowable building types. Manufactured home parks, where the lots are not owned by the resident, are not eligible under this program. Please contact MaineHousing if the proposed development will include condominiums or a land trust. Proposals for condominium developments, whether such proposal includes attached or detached housing units, must include a certificate of project approval by either Fannie Mae or FHA in order for an Affordable Homeownership Program application to be considered by MaineHousing. Single family homes on Community Land Trusts must meet Fannie Mae or FHA’s Community Land Trust requirements and must use MaineHousing’s model Community Land Trust documents in order to have an Affordable Homeownership Program application considered by MaineHousing. This program does not fund projects that consist of condominiums on land trusts.

Approval of an application under the Affordable Homeownership Program does not mean that Affordable Homeownership Units are automatically eligible for buyer financing under MaineHousing’s First Home Loan Program or any other MaineHousing loan program. Eligibility for the First Home Loan Program or any other MaineHousing loan program will be determined by an evaluation and approval process separate and distinct from that of the Affordable Homeownership Program.

MaineHousing reserves the right to revise the provisions of the Affordable Homeownership Program and its funding at any time without notice.

## Funding and Pledges

To be eligible for financing under the Affordable Homeownership Program, a minimum of five (5) single-family homes must be Affordable Homeownership Units.

The maximum forgivable loan amount is \$70,000 per Affordable Homeownership Unit in Cumberland, Sagadahoc or York counties and \$60,000 per Affordable Homeownership Unit in the remaining 13 counties of the State. The minimum forgivable loan amount is \$300,000 and the maximum forgivable loan amount is \$1,400,000 per affordable single-family housing development. One home in the development must be pledged as an Affordable Homeownership Unit for each \$70,000 or \$60,000 loan increment up to \$1,400,000.

Developers participating in the Affordable Homeownership Program will not be allowed to access additional subsidy from MaineHousing. In addition, homebuyers who receive a MaineHousing First Home Loan Program loan may receive subsidy for down payment and closing costs.

## Eligible Uses

Forgivable loans under the Affordable Homeownership Program will be made for the reimbursement of land acquisition costs, site development soft costs including construction loan interest, on-site infrastructure, and construction costs as determined by MaineHousing. On-site infrastructure costs may include, but are not limited to, the installation of roads; utilities such as water, electrical, and sewer; storm drainage, retaining walls, retention ponds, sidewalks; and landscaping.

Overhead, staffing, and other general operating costs are not eligible costs under the Affordable Homeownership Program.

## Timing of Applications

Applications are accepted on an on-going basis as long as resources are available and must be in the form prescribed by MaineHousing. MaineHousing will review applications on a first-come, first-served basis. MaineHousing reserves the exclusive right to determine whether an application meets the requirements of the Affordable Homeownership Program.

## Location

MaineHousing encourages developers to work with communities in designing and siting projects. It is our understanding that a number of communities in the State are eager for additional workforce housing. Communities can assist developers of subdivisions with density bonuses and other land use options to increase the benefit to the developer.

## Targeting

A developer must sell the Affordable Homeownership Units in the development with the purchase price and income limits described under (1) and (2) below as well as with the affordability declaration described in (3):

- (1) Sale Price limits on Affordable Homeownership Units:

County	Affordable Homeownership Unit Cap
Cumberland, Sagadahoc and York	\$325,000
Androscoggin, Aroostook, Franklin, Hancock, Kennebec, Knox, Lincoln, Oxford, Penobscot, Piscataquis, Somerset, Waldo, and Washington	\$287,000

- (2) Income of the homebuyers is limited to 120% of AMI.
- (3) Each Affordable Homeownership Unit will be sold with a Declaration of Covenants and Restrictions in the form attached to this Program Guide as **Exhibit A**. The Declaration of Covenants and Restrictions will require, among other things, that each subsequent sale of that Affordable Homeownership Unit for a period of 15 years from the initial sale thereof does not exceed 85% of the purchase price limit for the applicable county under MaineHousing’s First Home Loan Program or its successor (“First Home Loan Program”).

## **Eligible Developers**

Eligible developers and the members of the development team (contractors, engineers, architects) must be in good standing and either have successful prior experience with a MaineHousing development program or be able to demonstrate, to MaineHousing's satisfaction, sufficient experience in developing a single-family housing development.

## **Construction Standards**

The site development and home construction shall comply with the Maine Uniform Building and Energy Code (MUBEC) 2015, or the newest MUBEC in effect at the time of permitting, as well as all applicable local and state codes, ordinances, and standards as evidenced by inspection reports and/or written approval from local code enforcement officials. This applies to all municipalities within the State of Maine regardless of population size.

In addition, all Affordable Homeownership Units must:

- (1) Utilize all electric equipment and systems such as heat pump(s), resistance heat, variable refrigerant flow, variable frequency drives or other non-fossil fuel systems for heating, domestic hot water, cooking and any cooling needs.
- (2) Include electrical raceways/conduits from the electrical panel to terminal units at the parking area for the future installation of a Level 2 electric vehicle charger and have an electrical panel that is adequately sized to provide for the future installation of a Level 2 electric vehicle charger.
- (3) Include electrical raceways/conduits from the electrical panel to terminal units at the roof for the future installation of PV solar panels and to provide an electrical panel that is adequately sized to provide for the future installation of PV solar panels.

MaineHousing reserves the right to access and inspect all phases of the site and home construction to determine compliance with its standards.

## **Security**

The developer will execute a forgivable promissory note, a mortgage and security agreement in favor of MaineHousing, a Declaration of Covenants and Restrictions upon the sale of each Affordable Homeownership Unit, and other documents as may be required by MaineHousing to secure the developer's obligations under the note and the Affordable Homeownership Program.

The mortgage will cover the development. Parcels will be released from the mortgage by MaineHousing as they are sold; provided, however, a number of parcels equal to the number developer has agreed to sell as Affordable Homeownership Units will be released only if they are sold as qualifying Affordable Homeownership Units. If a single-family home in the development is sold as an Affordable Homeownership Unit, a Declaration of Covenants and Restrictions will be recorded on the Affordable Homeownership Unit. Promissory notes from the developer are not forgiven, cancelled or otherwise discharged until the obligated number of Affordable Homeownership Units in the development are sold in accordance with the program requirements. The loan made by MaineHousing under the Affordable Homeownership Program, together with interest at a default rate to be specified by MaineHousing in the note, shall be payable in full three (3) years after the date of the loan if the obligated number of Affordable Homeownership Units in the subdivision have not been sold to qualified homebuyers within that 3 year period. The loan may not be prepaid.

## Application Requirements

For MaineHousing to accept and process an application under the Affordable Homeownership Program the following will be required:

- (1) Application – **Exhibit B**.
- (2) A narrative outlining:
  - a. the proposed development;
  - b. the number of Affordable Homeownership Units and projected income ranges of the purchasers of the Affordable Homeownership Units;
  - c. the purchase price of the Affordable Homeownership Units;
  - d. a marketing plan, specifically describing how the Affordable Homeownership Units will be marketed;
  - e. a description of the Affordable Homeownership Units and any market rate homes;
  - f. uses of Affordable Homeownership Program funds – see Eligible Uses;
  - g. the development timeline;
  - h. prior experience in single-family housing development and prior lending experience with MaineHousing; and
  - i. qualifications of developer’s proposed project team including site planner and/or engineer and contractor.
- (3) Evidence of an interest in the site (Purchase and Sale, an Option, or similar document).
- (4) A Broker’s Opinion of Value of the Affordable Homeownership Units (must be supplied by a broker holding an active State of Maine real estate license).
- (5) Development Budget – **Exhibit C**.
- (6) Copies of commitment letters for all other financing sources required for the development.
- (7) A final subdivision site plan.
- (8) Evidence that the development fits within existing zoning rules or final planning board approval if any variances were granted.

## Submission and Contact Information

Applications must be submitted to Kelly Purington at [kpurington@mainehousing.org](mailto:kpurington@mainehousing.org)

Any questions about the Affordable Homeownership Program must be directed to [MFDev@mainehousing.org](mailto:MFDev@mainehousing.org)

## MaineHousing Non-Discrimination Policy

*Maine State Housing Authority does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, marital status, national origin, ancestry, physical or mental disability, age, familial status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, national origin, ancestry, age, physical or mental disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Lauren Bustard, Maine State Housing Authority, 26 Edison Dr., Augusta, Maine 04330-4633, Telephone Number 1- 800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.*

Accepted:

A handwritten signature in black ink that reads "Daniel E. Brennan". The signature is written in a cursive style with a long horizontal stroke at the end.

Daniel E. Brennan  
Director  
April 11, 2022

## Exhibit A Declaration of Covenants and Restrictions

**This Declaration of Covenants and Restrictions (“Declaration”)** is made and entered into by and between the **MAINE STATE HOUSING AUTHORITY**, with a mailing address of 26 Edison Drive, Augusta, Maine 04330 (“MaineHousing”), and **NAME OF PURCHASER**, with a mailing address of \_\_\_\_\_ (“Purchaser,” which term shall mean the initial owner of an Affordable Homeownership Unit as defined herein and any subsequent owner of that Affordable Homeownership Unit).

**Whereas**, MaineHousing provided a forgivable loan to the developer of the subdivision where Purchaser’s Affordable Homeownership Unit is located to assist the developer with development costs associated with the subdivision and in consideration of said loan, the developer agreed to sell **NUMBER OF HOMES** homes in the subdivision as Affordable Homeownership Units; and

**Whereas**, under the Affordable Homeownership Program, an “Affordable Homeownership Unit” is a new (never previously occupied), owner-occupied single-family home which for fifteen (15) years is subject to purchase price restrictions and may be sold only to purchasers whose income is at or below a certain level; and

**Whereas**, Purchaser is purchasing an Affordable Homeownership Unit; and

**Whereas**, in consideration of the benefit received by Purchaser from the purchase of an Affordable Homeownership Unit, Purchaser has agreed to abide by the covenants and restrictions set forth in this Declaration.

**Now, therefore**, MaineHousing and Purchaser hereby agree as follows:

1. Enforceability of Covenants. The covenants and restrictions set forth in this Declaration are intended to be and shall be considered covenants that run with the real estate described in Annex A attached hereto and made a part hereof and shall bind all subsequent owners of the real estate described in said Annex A. The covenants of Purchaser set forth herein are enforceable by MaineHousing as a contract beneficiary. The covenants and restrictions set forth herein shall survive a sale, transfer, or other disposition of the Affordable Homeownership Unit by Purchaser, except that such covenants and restrictions shall not survive a sale or transfer by foreclosure to a party other than Purchaser or any member of Purchaser’s household or a transfer by deed in lieu of foreclosure.

2. Covenants and Restrictions. Purchaser hereby covenants and agrees that for fifteen (15) years from the date of the recording of this Declaration in the appropriate registry of deeds, the following conditions and restrictions will be and remain in effect and Purchaser shall be bound thereby:

- a. The Affordable Homeownership Unit will be occupied and used as the Purchaser’s principal residence.
- b. The Affordable Homeownership Unit will not be used as rental property, a vacation home or investment property for short or long term periods of time.
- c. If Purchaser’s Affordable Homeownership Unit is sold during the term of this Declaration, the purchase price of the Affordable Homeownership Unit may not exceed 85% of the purchase price limit for the applicable county under MaineHousing’s First Home Loan Program or its successor (“First Home Loan Program”).
- d. Purchaser may sell the Affordable Homeownership Unit only (i) to a homebuyer who has applied and qualified for financing under the First Home Loan Program or (ii) to another homebuyer whose income does not exceed the applicable percentage of area median income in effect under the First Home Loan Program at the time of the sale of the Affordable Homeownership Unit and only in accordance with the purchase price limit applicable to the Affordable Homeownership Unit as provided herein. Purchaser shall not sell, lease or otherwise

transfer, or enter into any agreement or arrangement to sell, lease, or otherwise transfer, an Affordable Homeownership Unit except to an eligible buyer and only at a price that does not exceed the applicable purchase price limit as provided herein and otherwise in accordance with the terms of this Declaration. An executed affidavit of Purchaser (as seller) and the new buyer recorded in the appropriate registry of deeds stating that the income of the intended buyer of an Affordable Homeownership Unit is within the First Home Loan Program limits and that the purchase price of the Affordable Homeownership Unit does not exceed the applicable purchase price limit as provided in this Declaration in the form attached as Annex B shall be sufficient evidence of the matters set forth therein. **Except with respect to transfers by operation of law or foreclosure as provided herein, no transfer, sale, assignment, lease, deed, contract to sell, installment sales contract, or bond for a deed with respect to which such executed affidavit has not been recorded in the appropriate registry of deeds shall be effective to transfer title to or create an interest in the Affordable Homeownership Unit that is the subject of such transfer, sale, assignment, lease, deed, contract to sell, installment sales contract, or bond for a deed, and such transfer, sale, assignment, lease, deed, contract to sell, installment sales contract, or bond for a deed shall be void.**

3. MaineHousing's Remedies for Breach by Purchaser. MaineHousing shall be entitled to all rights and remedies available at law and in equity, including injunctive relief and specific performance, to enforce the covenants and obligations of Purchaser and the restrictions set forth in this Declaration.

4. Amendment. This Declaration may not be amended without the written consent of MaineHousing, which, if given, shall be evidenced on the face of such amendment.

**MAINE STATE HOUSING AUTHORITY**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

*Signatures continue on following page*

**PURCHASER**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

State of Maine  
County of \_\_\_\_\_

Date: \_\_\_\_\_

Personally appeared the above-named \_\_\_\_\_, as  
\_\_\_\_\_ of the ***NAME ofPURCHASER***, and gave oath to the  
foregoing and acknowledged before me the foregoing to be his/her free act and deed in his/her said capacity and  
the free act and deed of the ***NAME ofPURCHASER***.

Before me,

\_\_\_\_\_  
Notary Public/Attorney-at-Law  
Printed Name: \_\_\_\_\_  
Commission expires: \_\_\_\_\_

**ANNEX B  
Seller Affidavit**

Each person signing this Affidavit, being duly sworn, deposes and says that:

1. The seller(s) listed below are selling the real estate described in Annex A attached hereto (the "Affordable Homeownership Unit"), which is subject to a Declaration of Covenants and Restrictions recorded in Book\_\_\_\_\_, Page,\_\_\_\_\_ in the \_\_\_\_\_ County Registry of Deeds to the buyer(s) listed below.

2. The purchase price does not exceed the 85% of the purchase price limit for the applicable county under MaineHousing's First Home Loan Program or its successor ("First Home Loan Program").

Seller: \_\_\_\_\_  
Printed name: \_\_\_\_\_

Seller: \_\_\_\_\_  
Printed name: \_\_\_\_\_

STATE OF MAINE  
COUNTY OF \_\_\_\_\_, ss

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_.

(Seal)

\_\_\_\_\_  
Name:  
Notary Public/Attorney-at-Law  
Commission Expires: \_\_\_\_\_

**Buyer Affidavit**

Each person signing this Affidavit, being duly sworn, deposes and says that:

1. The seller(s) listed above are selling the real estate described in Annex A attached hereto (the "Affordable Homeownership Unit"), which is subject to a Declaration of Covenants and Restrictions recorded in Book\_\_\_\_\_, Page,\_\_\_\_\_ in the \_\_\_\_\_ County Registry of Deeds to the buyer(s) listed below.

2. The purchase price does not exceed the 85% of the purchase price limit for the applicable county under MaineHousing's First Home Loan Program or its successor ("First Home Loan Program").

3. Buyer's income does not exceed the applicable percentage of area median income in effect under the First Home Loan Program at the time of the sale of the Affordable Homeownership Unit.

Buyer: \_\_\_\_\_  
Printed name: \_\_\_\_\_

Buyer: \_\_\_\_\_  
Printed name: \_\_\_\_\_

STATE OF MAINE  
COUNTY OF \_\_\_\_\_, ss

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_.

(Seal)

\_\_\_\_\_  
Name:  
Notary Public/Attorney-at-Law  
Commission Expires: \_\_\_\_\_

Notaries Public must have each person signing as Seller or Buyer raise his or her hand and elicit an affirmative response to the following oath: "DO YOU (SWEAR/AFFIRM) UNDER PENALTY OF LAW THAT YOU HAVE READ AND UNDERSTOOD THIS AFFIDAVIT AND THAT THE STATEMENTS WITHIN ARE TRUE BASED UPON YOUR PERSONAL KNOWLEDGE (SO HELP YOU GOD)?"

## Exhibit B Application

I am aware that this Application must be signed and complete, including required exhibits and attachments as noted.

To the best of my knowledge, all information contained in this application and its supporting exhibits and attachments is true and correct. I also hereby authorize the Maine State Housing Authority (“MaineHousing”) to evaluate the application in such manner as MaineHousing deems necessary, including discussing this application with any lender, municipal official, vendor, or other party with an interest in this property or project.

I hereby authorize MaineHousing to verify any bank or other fund balance indicated on any personal or organizational financial exhibit, to investigate credit, employment or business standing of that or any related party, to disclose any aspect of the financial information to any person but only for the purpose of determining the accuracy of the information or otherwise investigate and evaluate the application in such manner as MaineHousing deems necessary.

I certify that none of the owner/applicant, its principals or partners is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in any HUD programs.

Neither the applicant, nor any principal or affiliate of the applicant, nor anyone who will be paid for work on the program has business ties, familial relationships, or other close personal relationships with a current MaineHousing employee or commissioner or anyone who was a MaineHousing employee or commissioner within the past year except as follows:

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Applications must be signed by all principals (Individual, Partner, General Partner or Corporate representative authorized to bind the company) in the applicant entity.

*NAME of DEVELOPER [if applicable]*

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

No application for financing will be accepted or approved by MaineHousing if the applicant, or any entity controlled by the applicant, is more than 60 days delinquent on any loan with MaineHousing, or has been declared in default of such loan, unless either an approved payment or workout plan is in place and in good standing.

**UNSIGNED APPLICATIONS WILL NOT BE ACCEPTED**

## Exhibit C Development Budget

### Sources of Funds:

Construction Sources:			
Lender	Amount (\$)	Rate (%)	Term (mos.)
1.			
2.			
3.			
4.			
<b>Construction Sources Total</b>	<b>\$</b>		

Permanent Sources:			
Lender	Amount (\$)	Rate (%)	Term (mos.)
1.			
2.			
3.			
4.			
<b>Permanent Sources Total</b>	<b>\$</b>		

### Uses of Funds:

Description:	Costs (\$)
Land Acquisition	
Site Infrastructure (clearing, roads, sidewalks, utilities, landscaping)	
Professional Services relating to subdivision development (appraisal, engineering, survey, environmental, consulting, legal)	
Financing Fees (including construction loan interest)	
Permits (specify)	
Construction Costs (specify)	
<b>Total Development Costs</b>	<b>\$</b>