



## **ONE Mortgage Disclosure Statement**

This ONE Mortgage Disclosure Statement (“Disclosure Statement”) describes the terms, conditions and restrictions that apply to potential homebuyers who wish to participate in the ONE Mortgage Program and its enhancements, ONE+, ONE+Boston, and ONE+Lowell (collectively, the “Program”). Homebuyers intending to purchase a home under the Program are required to acknowledge at the time of loan prequalification or loan pre-approval (depending on the participating lender) that they have read this Disclosure Statement and understand the terms and conditions of the Program and the restrictions imposed on them during the time they own their home and in the event they decide to sell their home.

### **I. Program Overview**

The Program is a public/private initiative designed to increase affordable housing opportunities for eligible low- and moderate-income first-time homebuyers. The Program has been developed by private lending institutions, the Commonwealth of Massachusetts, acting through its Executive Office of Housing and Livable Communities (“EOHLC”), the Massachusetts Housing Partnership Fund Board (“MHP”), and community, municipal, and philanthropic organizations. The Program makes homeownership possible for qualifying and creditworthy households by offering home mortgage loans at below-market terms. Under the Program, homebuyers must make a down payment of at least three percent (3%) of the purchase price if purchasing a condominium, single family or two-family property, or a five percent (5%) down payment if purchasing a three-family property. Participating lenders (hereinafter referred to individually as the “ONE Mortgage Lender” and collectively as the “ONE Mortgage Lenders”) in the Program will then offer eligible homebuyers 30-year, fixed-rate mortgage loans with interest rates that reflect a 30 basis point (0.30%) rate discount from the market interest rates that would otherwise be offered by the ONE Mortgage Lenders (each such loan shall hereinafter be referred to as a “ONE Mortgage loan”).

Certain homebuyers under the Program may be eligible to receive an interest rate subsidy from MHP (“MHP Interest Subsidy”) that would reduce the interest payments a homebuyer must make on their ONE Mortgage loan during the first seven (7) years of such loan. On the seventh (7<sup>th</sup>) anniversary of the ONE Mortgage loan, the MHP Interest Subsidy terminates and the interest rate on the homebuyer’s ONE Mortgage loan returns to the initial base interest rate. The homebuyer then repays the MHP Interest Subsidy when the home is sold.

Certain homebuyers under the Program may also be eligible for a ONE+ permanent interest rate discount (“ONE+ Interest Rate Discount”) which can be in addition to, or separate from, the MHP Interest Subsidy. The ONE+ Interest Rate Discount utilizes a combination of federal, state, local, and/or philanthropic funds (to the extent such funds are available) to buy-down the interest rate on ONE Mortgage loans for income-eligible, first-time homebuyers who meet the ONE+ program’s current residency requirements at the time of application for the Program (the “Application Date”) and who intend to use the ONE+ mortgage loan to purchase an eligible primary residence. If a homebuyer qualifies for the ONE+ Interest Rate Discount, MHP will provide funds to the homebuyer’s ONE Mortgage Lender on or before the loan closing date of the Borrower’s mortgage with the ONE Mortgage Lender, and the ONE Mortgage Lender will in turn reduce the 30-year fixed interest rate as follows:

- (i) for ONE+Boston and ONE+ homebuyers with household compliance income less than or equal to 100% Area Median Income (“AMI”), the ONE Mortgage Lender will provide a 100-basis point (1%) rate reduction; and
- (ii) for ONE+Boston homebuyers with household compliance income less than or equal to 80% AMI, the ONE Mortgage Lender will provide a 200-basis point (2%) rate reduction.

The homebuyer does not have to repay the ONE+ Interest Rate Discount. Instead, an eligible homebuyer will realize the benefit of the ONE+ Interest Rate Discount via a lower interest rate on their ONE Mortgage loan, the amount of which will be disclosed to such buyer on their final settlement statement.

Additionally, certain buyers under the Program may also be eligible for ONE+ down payment and/or closing cost assistance supported by a combination of federal, state, local, and/or philanthropic funds (to the extent that such funds are available). ONE+Boston down payment and/or closing cost funds are administered by the City of Boston.

## **II. Participation in the ONE Mortgage Program**

Participation in the Program is limited to income-eligible first-time homebuyers whose total household assets do not exceed \$100,000 during the application process. Assets include: savings and checking accounts, gifted money (including gifts of equity), real property (whole or partial interest), stocks, bonds, and other forms of capital investments (excluding retirement accounts such as 401(k), 403(b), 457, IRA accounts (including Roth) and any government approved college savings plans).

A first-time homebuyer is someone who has not owned a home in the past three (3) years (certain exceptions apply). The ONE Mortgage Lenders will pre-qualify or pre-approve (depending on the ONE Mortgage Lender) homebuyers for the Program and will notify homebuyers of their eligibility for the ONE+ Interest Rate Discount. The ONE Mortgage Lender may require that a homebuyer obtain a credit report at the homebuyer’s expense. If based on the homebuyer’s credit history, income, and savings, the homebuyer chooses to participate in the Program, the ONE Mortgage Lender will contact MHP and submit a ONE Mortgage reservation request on the homebuyer’s behalf. If MHP determines that the homebuyer qualifies, and ONE Mortgage funds are available, MHP will provide a ONE Mortgage reservation.

## **III. Current Residency Requirement**

In order to qualify for a ONE Mortgage loan, at least one of the borrowers applying for the ONE Mortgage loan must, as of the Application Date, be a current resident of one of the following communities: Attleboro, Barnstable, Boston, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Framingham, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Randolph, Revere, Salem, Springfield, Taunton, Westfield, or Worcester. ONE+ Boston residential eligibility is based on current residency in Boston, recent displacement from Boston, and/or primary employment within Boston; this requirement is set and managed by the City of Boston.

## **IV. The ONE Mortgage Reservation**

Applications for the Program are accepted by the ONE Mortgage Lenders. The ONE Mortgage reservation is not a commitment for a ONE Mortgage loan or, to the extent applicable, an MHP Interest Subsidy or ONE+ Interest Rate Discount. Once a homebuyer has received a ONE Mortgage reservation, the homebuyer has sixty (60) days to locate a home, have an offer accepted, and complete a mortgage application for its ONE

Mortgage loan with a ONE Mortgage Lender. The ONE Mortgage Lender will then verify the homebuyer's income, assets and credit record. If the homebuyer qualifies for a ONE Mortgage loan, the ONE Mortgage Lender has thirty (30) days to issue a commitment letter to the homebuyer. In the event that the homebuyer fails to obtain and accept a commitment letter in ninety (90) days from the date of the ONE Mortgage reservation, the ONE Mortgage reservation will expire; however, MHP may elect to extend the reservation, subject to the homebuyer's continued eligibility for the Program and availability of Program funds. Participation in the Program may require ONE Mortgage Lenders to share certain loan documents with the associated city that is participating (the "City") or other agency, as required by the City's or agency's guidelines. The ONE Mortgage Lender may be required to provide these documents via certified mail or secured electronic transfer/mail. The City or agency is responsible for maintaining the confidentiality of all documents received and for properly safeguarding and disposing of such documents in accordance with their internal information security and privacy procedures, as well as applicable Federal and State laws.

#### **V. Owner Occupancy**

The homebuyer must occupy the home it purchases as its primary residence for the term of the ONE Mortgage loan. Once the ONE Mortgage loan (and MHP Interest Subsidy, if applicable) is paid, the homebuyer is released from the Program's occupancy requirement.

#### **VI. Pre- and Post-Purchase Education**

The homebuyer must complete MHP approved pre- and post-purchase homebuyer education courses. The homebuyer must complete a pre-purchase education course before closing on their home, and a post-purchase course within one (1) year of closing on their home.

#### **VII. Structure of Homebuyer's Monthly Payments**

Program participants must make full and timely payments of interest and principal in accordance with the terms of their ONE Mortgage loan. For the first (7) seven years, income-eligible buyers may qualify for an MHP Interest Subsidy to help pay a portion of the interest payments on the ONE Mortgage loan, as explained below.

The Program requires that homebuyers dedicate at least twenty-eight percent (28%) of their gross income for housing (at least forty-two percent (42%) for two-family properties) before receiving an MHP Interest Subsidy. Homebuyers of three-family properties are not eligible for an MHP Interest Subsidy. The homebuyer's payments and the MHP Interest Subsidy are calculated as follows: 1) the ONE Mortgage Lender determines the payments for principal and interest for the ONE Mortgage loan, real estate taxes, fire and hazard insurance, and, if applicable, condominium fees and flood insurance, 2) these amounts are subtracted from the homebuyer's gross income dedicated for housing. In the case of a two-family home, seventy-five (75%) of rental income will be added to the homebuyer's gross income, 3) the remaining homebuyer's gross income dedicated for housing (including rental income, if applicable) is applied to the ONE Mortgage loan principal and interest payments, and 4) if there is a gap between the required ONE Mortgage loan payment and the homebuyer's contribution, an MHP Interest Subsidy is provided.

The MHP Interest Subsidy will decline over time and will not exceed the following percentages:

Years 1–4	The initial MHP Interest Subsidy contribution is equivalent to an interest rate buy down of up to two percent (2%)
Year 5	Seventy-five percent (75%) of the previous year's amount
Year 6	Fifty percent (50%) of the previous year's amount
Year 7	Twenty-five percent (25%) of the previous year's amount

As the MHP Interest Subsidy declines, the homebuyer's payments increase to cover the total payment due.

No private mortgage insurance (PMI) is required on ONE Mortgage loans. In lieu of PMI, public funds are used to provide a loan loss reserve for the ONE Mortgage Lender. The total MHP Interest Subsidy for a particular ONE Mortgage loan cannot, in combination with the loan loss reserve, be more than Fifteen Thousand Dollars (\$15,000). In certain cases, a homebuyer may not be eligible for an MHP Interest Subsidy because their monthly principal and interest costs for the ONE Mortgage loan is less than twenty-eight percent (28%) of their income (or less than forty-two percent (42%) in the case of two-family purchasers). Homebuyers are also ineligible to receive an MHP Interest Subsidy if their income is above eighty percent (80%) of area median income, if their down payment is greater than twenty percent (20%) of the purchase price, or if they are purchasing a three-family property. In these instances, the homebuyer will still qualify for public assistance in the form of the loan loss reserve which makes the ONE Mortgage loan possible, and which eliminates the need for PMI.

### **VIII. Subsidy Repayment**

If a homebuyer receives an MHP Interest Subsidy, the obligation to repay the MHP Interest Subsidy will be secured by a second mortgage on the homebuyer's home. Except as provided below, the MHP Interest Subsidy must be repaid when the homebuyer sells their home. If the homebuyer sells within five (5) years of their purchase, the homebuyer must pay back the lesser of the full value of the subsidy payments used by the ONE Mortgage Lender to reduce the homebuyer's ONE Mortgage payments ("Subsidy Payments") or the net appreciation the homebuyer realizes from the sale. If the homebuyer sells after five (5) years, the homebuyer must pay back the lesser of the Subsidy Payments or twenty percent (20%) of the net appreciation the homebuyer realizes from the sale. Net appreciation is the positive difference between the resale price and the purchase price the homebuyer paid for the property (less appraisal costs and broker's fees). Both prices must reflect good faith, arm's length transactions. If net appreciation in the case of a sale within five (5) years of the homebuyer's purchase, or twenty percent (20%) of net appreciation in the case of a sale after five (5) years, is not greater than the Subsidy Payments, the homebuyer may be required to provide a satisfactory professional real estate appraisal at the homebuyer's sole cost to support the resale price. The higher value (appraised value or resale price) will be used to calculate net appreciation for the purpose of the MHP Interest Subsidy repayment. In all cases, the MHP Interest Subsidy repayment obligation shall be fully subordinate to repayment of the outstanding balance due under the ONE Mortgage loan. If the homebuyer owns and lives in the home for the full thirty (30) year term of the ONE Mortgage loan, there will be no obligation to repay the MHP Interest Subsidy.

### **IX. ONE+ Down Payment and Closing Cost Assistance Repayment**

If the homebuyer receives ONE+ Down Payment and Closing Cost Assistance (the "ONE+ Mortgage Loan") from MHP, the obligation to repay the ONE+ Mortgage will be secured by an additional mortgage on the homebuyer's home (the "ONE+ Mortgage"). The ONE+ Mortgage Loan must be repaid when the homebuyer sells their home if their first mortgage loan is satisfied within the first five (5) years or sixty (60) months. The amount the homebuyer is required to repay is reduced by twenty percent (20%) per year between the first mortgage loan closing date and the date the homebuyer satisfies their first mortgage loan, as follows:

- Before the one (1) year anniversary of the loan closing date, repay one hundred percent (100%) of the ONE+ Mortgage Loan to MHP;

- On or after the one (1) year anniversary of the loan closing date, repay eighty percent (80%) of the ONE+ Mortgage Loan to MHP;
- On or after the two (2) year anniversary of the loan closing date, repay sixty percent (60%) of the ONE+ Mortgage Loan to MHP;
- On or after the three (3) year anniversary of the loan closing date, repay forty percent (40%) of the ONE+ Mortgage Loan to MHP;
- On or after the four (4) year anniversary of the loan closing date, repay twenty percent (20%) of the ONE+ Mortgage Loan to MHP; and
- On or after the five (5) year anniversary of the loan closing date, no repayment of the ONE+ Mortgage Loan is required.

### **X. Closing Requirements**

If the homebuyer obtains a ONE Mortgage loan they must execute all loan documents required by the ONE Mortgage Lender, such as a ONE Mortgage promissory note and mortgage, at the time of closing. In addition, if the homebuyer receives an MHP Interest Subsidy, the homebuyer will be required to sign a ONE Mortgage subsidy note, a ONE Mortgage subsidy mortgage and a ONE Mortgage subsidy agreement at the closing. The aforementioned documents will set out in detail the terms and conditions of the homebuyer's loans and the payment and other obligations that the homebuyer has undertaken. The homebuyer's obligation to the ONE Mortgage Lender is for the full amount of the ONE Mortgage loan, even if the homebuyer is eligible to receive an MHP Interest Subsidy. The ONE Mortgage subsidy agreement obligates MHP to pay the MHP Interest Subsidy to the ONE Mortgage Lender on the homeowner's behalf.

### **XI. Refinancing; and Home Equity Loans**

If the homebuyer wants to refinance, they may repay the amount of the MHP Interest Subsidy that MHP has applied to their ONE Mortgage loan, to date. The homebuyer may also request that MHP subordinate the MHP Interest Subsidy and defer repayment until the homebuyer sells the property. If the homebuyer wants to take out a home equity loan, they may request that MHP subordinate the MHP Interest Subsidy. If the homebuyer requests a subordination of their MHP Interest Subsidy, MHP will review the homebuyer's proposed refinancing or home equity loan and may require the homebuyer to talk with a qualified, MHP-approved homeownership counselor. MHP will charge the homebuyer a processing fee for consideration of a subordination request. If the subordination request is approved by MHP, no additional subordination requests may be made in connection with any subsequent refinancing or home equity loan.

### **XII. Delinquency Counseling**

If the homebuyer has any difficulty paying their ONE Mortgage loan or carrying costs such as condominium fees, insurance or taxes at any time in the future, the Program may, at its sole discretion, offer counseling services to assist the homebuyer. It is a requirement of the Program that the homebuyer authorize the ONE Mortgage Lender to notify MHP and a qualified local counseling agency in the event that the ONE Mortgage loan payments become more than thirty (30) days delinquent so that the counseling agency may offer their services to the homebuyer. Homebuyers are encouraged to use the delinquency counseling services offered but are under no obligation to do so.

### **XIII. Acknowledgments**

By signing below, the undersigned homebuyer acknowledges that they have read this Disclosure Statement and understand the terms, conditions, and restrictions of the Program. The homebuyer further understands that if they receive an MHP Interest Subsidy, they may be required to repay the MHP Interest Subsidy upon

selling their home. If the homebuyer participates in the Program, they authorize the ONE Mortgage Lender to notify MHP and a qualified local counseling agency in the event that their loan payments become delinquent, so that they may be offered delinquency counseling services.

The homebuyer acknowledges that MHP is relying upon the truth and accuracy of the information provided in their first mortgage loan application, as well as any other documents and information they submitted to the ONE Mortgage Lender, including information pertaining to their income, residency, household size and household income, assets, and liabilities ("Financial Information") in determining their eligibility to participate in the Program and, if applicable, their eligibility to receive an MHP Interest Subsidy and/or a ONE+ Interest Rate Discount. The homebuyer warrants and represents to MHP, under pains and penalties of perjury, that the Financial Information accurately, completely, and fairly reflects their financial condition at the time submitted. The homebuyer understands and agrees that if any of the Financial Information is found to be false in any material respect when given, their obligations to MHP under the MHP Interest Subsidy note and mortgage, if applicable, shall, at the election of MHP, become immediately due and payable in full.

The homebuyer authorizes MHP or its vendors to obtain certain documentation from third parties needed to evaluate their application for eligibility for the Program. This authorization will allow MHP or any of its vendors to verify the homebuyer's name, social security number and address. The homebuyer understands that MHP may share this information with third parties, only to the extent necessary, to process their application for eligibility under the Program. The homebuyer certifies that they are the individual(s) to whom the social security number entered on the application was issued. This consent is valid for a one time use only in conjunction with the homebuyer's application and is valid for ninety (90) days after the date it was signed.

---

**Please provide contact information for the head of household. All information you provide will be used for official Program business only.**

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

Full mailing address or PO Box for new home: \_\_\_\_\_

Cell or personal phone number: \_\_\_\_\_

Personal email address: \_\_\_\_\_

Preferred contact method(s) for official correspondence from MHP:

Mail

Email

Phone

Text

**By signing below, I acknowledge that I have read and understand the terms of the Program as described herein.**

\_\_\_\_\_  
Homebuyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Homebuyer

\_\_\_\_\_  
Date