



ONE Mortgage Disclosure Statement

This ONE Mortgage Disclosure Statement describes the terms, conditions and restrictions that apply to potential homebuyers who wish to participate in the ONE Mortgage Program (“Program”). Anyone intending to purchase a home under the Program is required to acknowledge at the time of loan prequalification that they have read this Disclosure Statement and understand 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 low and moderate-income first-time homebuyers. The Program has been developed by private lending institutions, the Commonwealth of Massachusetts, acting through its Department of Housing and Community Development (DHCD), the Massachusetts Housing Partnership (MHP) and community organizations.

The Program makes homeownership possible for qualifying and creditworthy households. Buyers must make a down payment of at least 3% of the purchase price if purchasing a condominium, single family or two-family property. A 5% down payment is required if purchasing a three-family property. The ONE Mortgage loan is a fixed-rate loan with a 30-year term. Some buyers will also receive an interest subsidy loan which is applied to partially reduce the interest payments the buyer must make on their ONE Mortgage loan for the first seven years and which does not have to be repaid until the home is sold.

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 \$75,000 during the application process. Assets include: savings and checking accounts, gifted money (including gifts of equity), real property (whole or partial interest), ROTH IRA’s, stocks, bonds, and other forms of capital investments (excluding retirement accounts such as 401(k), 403(b), 457, non-ROTH IRA accounts and any government approved college savings plans).

A first-time homebuyer is someone who has not owned a home in the past three years (some exceptions apply.) Participating ONE Mortgage lenders will pre-qualify buyers. The ONE Mortgage lender may require that you obtain a credit report at your expense. If based on your credit history, income, and savings, you choose to participate in the Program, the ONE Mortgage lender will contact MHP and submit a ONE Mortgage reservation on your behalf. If MHP determines that you qualify, and there are ONE Mortgage funds available, MHP will provide a ONE Mortgage reservation.

III. The ONE Mortgage Reservation

Applications for the Program are accepted by participating ONE Mortgage lenders. The ONE Mortgage reservation is not a commitment for a ONE Mortgage loan and an interest subsidy loan. Once you have received the ONE Mortgage reservation, you have sixty (60) days to locate a home, have an offer accepted, and complete a mortgage application for your ONE Mortgage loan with a participating ONE Mortgage lender. At this time the ONE Mortgage lender will verify your income, assets and credit record. If you qualify for a ONE Mortgage loan, the lender has thirty (30) days to issue a commitment letter to you. In the event that you fail to obtain and accept a commitment letter in ninety (90) days from the date of the ONE Mortgage reservation, your ONE Mortgage reservation will expire.

IV. Owner Occupancy

It is a requirement of the Program that you occupy the home you purchase as your primary residence.

V. Pre- and Post-Purchase Education

It is a requirement of the Program that you complete approved pre- and post-purchase homebuyer education courses. You must complete the pre-purchase education course before closing on your home. You must complete the post-purchase course within one year of closing on your home.

VI. Structure of Buyer'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 seven years, income-eligible buyers may qualify for a publicly-funded interest subsidy loan to help pay a portion of the interest payments on the ONE Mortgage loan, as explained below.

The Program requires that buyers dedicate at least 28% of their gross income for housing (at least 25% for two-family properties) before receiving interest subsidy. Buyers of three-family properties are not eligible for interest subsidy. The buyer's payments and the interest subsidy are calculated as follows. 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. These amounts are subtracted from the buyer's gross income dedicated for housing. In the case of a two-family or three-family home, 65% of rental income will be added to the buyer's gross income. Whatever remains of the buyer's gross income dedicated for housing (including rental income, if applicable) is applied to the ONE Mortgage principal and interest payments. If there is a gap between the required ONE Mortgage payment and the buyer's contribution, an interest subsidy loan is provided.

The interest subsidy will decline over time and will not exceed the following percentages:

Years 1–4	The initial interest subsidy contribution is equivalent to an interest rate buy down of up to 2%
Year 5	75% of the previous year's amount
Year 6	50% of the previous year's amount
Year 7	25% of the previous year's amount
Year 8 – 30	0

As the interest subsidy declines, the buyer'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 interest subsidy on the ONE Mortgage loan cannot, in combination with the loan loss reserve, be more than \$12,000. In some cases, a buyer might not need any interest subsidy assistance because his or her monthly principal and interest costs for the ONE Mortgage Loan will be less than 28% of his or her income. Buyers are also ineligible to receive interest subsidy if their income is above 80% of area median income, if their down payment is greater than 20% of the purchase price, or if they are purchasing a three-family property. In this case, the buyer will still qualify for public assistance to the loan loss reserve that makes possible the ONE Mortgage loan and eliminates the need for PMI.

VII. Subsidy Repayment

If you receive an interest subsidy, the obligation to repay the interest subsidy will be secured by a second mortgage on your home. The subsidy must be repaid when you sell your home. If you sell within five years of your purchase, you must pay back the lesser of the full value of the subsidy payments used by the ONE Mortgage lender to reduce your ONE Mortgage payments ("Subsidy Payments") or the net appreciation you realize from the sale. If you sell after five years, you must pay back the lesser of the Subsidy Payments or 20% of the net appreciation you realize from the sale. Net appreciation is the positive difference between the resale price and the purchase price you 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 years of your purchase, or 20% of net appreciation in the case of a sale after five years, is not greater than the Subsidy Payments, you may be required to provide a satisfactory professional real estate appraisal at your 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 interest subsidy repayment. In all cases, the interest subsidy repayment obligation shall be fully subordinate to repayment of the outstanding balance due under the ONE Mortgage loan. If you own and live in the home for the full 30-year term of the ONE Mortgage loan, there will be no obligation to repay the interest subsidy.

VIII. Closing Requirements

If you obtain a ONE Mortgage loan you 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 you receive an interest subsidy, you will be required to sign a ONE Mortgage Subsidy Note, a ONE Mortgage Subsidy Mortgage and a ONE Mortgage Subsidy Agreement at the closing. All of these documents will set out in detail the terms and conditions of your loans and the payment and other obligations that you have undertaken. Your obligation to the ONE Mortgage lender is for the full amount of the ONE Mortgage loan, even if you are eligible to receive an interest subsidy. The ONE Mortgage Subsidy Agreement obligates MHP to pay the interest subsidy to the ONE Mortgage lender on your behalf.

IX. Refinancing; Home Equity Loan

If you want to refinance, you may repay the amount of the interest subsidy that MHP has applied to your ONE Mortgage loan to date. You can also request that MHP subordinate the interest subsidy mortgage and defer repayment until you sell the property. If you want to take out a home equity loan, you may request that MHP subordinate the interest subsidy mortgage. If you request a

subordination of your interest subsidy loan, MHP will review your proposed refinancing or home equity loan and may require you to talk with a qualified counselor. MHP will charge a fee for consideration of a subordination request. If the subordination request is approved, no additional subordination requests may be made in connection with a subsequent refinancing or home equity loan.

X. Delinquency Counseling

If you have any difficulty paying your ONE Mortgage loan or carrying costs such as condominium fees or taxes at any time in the future, the Program may be able to offer counseling services to assist you. It is a requirement of the Program that you authorize the ONE Mortgage lender to notify MHP and a qualified local counseling agency in the event that your loan payments become more than 30 days delinquent so that the counseling agency may offer you their services. You are encouraged to use the services offered but are under no obligation to do so.

XI. Acknowledgments

I acknowledge that I have read this ONE Mortgage Disclosure Statement and that I understand the benefits and restrictions of the Program. I understand that if I receive an interest subsidy loan, I may have to repay the interest subsidy when I sell my home. If I participate in the Program, I authorize the ONE Mortgage lender to notify MHP and a qualified local counseling agency in the event that my loan payments become delinquent so that I may be offered counseling services.

I acknowledge that MHP is relying upon the truth and accuracy of the information contained in my loan application and in the other documents and information I submitted to the ONE Mortgage lender, including information pertaining to my income, household size and household income, assets, and liabilities (“Financial Information”) in determining my eligibility to participate in the Program and, if applicable, my eligibility to receive an interest subsidy. I warrant and represent to MHP, under pains and penalties of perjury, that the Financial Information accurately, completely and fairly reflects my financial condition at the time submitted, and understand and agree that if the Financial Information is proved to be false in any material respect when given, my obligations to MHP under the interest subsidy note and mortgage, if applicable, shall, at the election of MHP, become immediately due and payable in full.

Buyer

Date

Witness

Buyer

Date

Witness