



April 27, 2015

Noreen Browne  
Sales Operations Manager  
Northland Residential  
20 Mall Road, Suite 220  
Burlington, MA 01803

**PROPOSAL**

Dear Noreen,

We are pleased to submit this contract for consulting services related to the selection of homebuyers for the four affordable units at Woodmere at Brush Hill in Milton. The buyer selection processes will be conducted in accordance with the conditions of the special permit approved by the Town of Milton, as well as general policy guidelines established by DHCD for the lottery process.

We believe our aptitude with affordable housing issues and our experience dealing with DHCD is exceptional and will be extremely helpful for you and prospective buyers as we move through the process. We maintain it is this experience and understanding of affordable housing in the State of Massachusetts which will provide you with the best possible guidance necessary to achieve your objectives, conducting a fair and impartial selection process compliant with local and state regulations. SEB, LLC also develops our own mixed income multi-family housing so we understand your concerns and objectives as a developer.

As part of this process, SEB would ask Northland Residential ("The Developer") or its assigns to provide the following documents so that we may carry out the tasks included herein:

- Special Permit (since received)
- The Regulatory Agreement(s)
- Estimated building schedule
- Design specifications, floor plans and amenities
- Condominium documents including a schedule of beneficial interest

We look forward to working with you on this development.

# I. Scope of Services

## Overview

SEB we will be responsible for the outreach, intake and selection process for the affordable units so that this process conforms to DHCD guidelines.

Northland Residential will be responsible for preparing the Local Action Unit (LAU) Application so that the four affordable units count on the DHCD subsidized housing inventory for the Town of Milton but SEB will provide the Affirmative Fair Housing Marketing Plan that is a requirement of the LAU Application. SEB will also be available to review the Regulatory Agreement and will provide guidance and recommendations as it relates to affordable housing considerations.

## Affordable Housing Administration

The proposed scope of services will include four phases; a *preparatory phase* to be conducted over approximately a two to six week period, an *approval phase* to be conducted over a one to three month period, an *implementation phase* to be conducted over approximately a twelve to sixteen week period, and a *rolling application phase* which will occur for the entire duration of the development following the lottery deadline date. Ideally the preparatory phase of this project should start approximately 8 months prior to the first units being ready for occupancy (mostly due to the time it may take DHCD to approve the materials).

## Preparatory Phase

SEB will perform the following activities immediately following our receipt of requested project documents.

- Review and confirm pricing of the affordable units with the Developer based on affordable housing program guidelines so that the units conform to DHCD guidelines and will be available to include in the Town's affordable housing inventory approved by DHCD. (Initial sales prices will be impacted by the condo or homeowners' association dues (as applicable), Milton residential property tax rates, prevailing interest rates and number of bedrooms within a unit). We will identify each of these inputs and calculate the affordable sale price for approval by DHCD).
- Prepare the draft Homebuyers Selection/Marketing Plans in accordance with the project documents and guidelines. The Homebuyers Selection/Marketing Plans will include elements such as:
  - Description of application process
  - Resident Selection Plan
  - Information packet and program application
  - Lottery/Buyer selection process
  - An affirmative marketing plan
  - Sample Advertisement
  - Local preference requirements

### **Approval Phase**

As mentioned, SEB will follow the conditions of the special permit and Regulatory Agreement with respect to obtaining all necessary approvals from the necessary parties for the AFHMP, as required. Whatever comments are received during this review and approval process, we will include as much and will prepare the final Homebuyer's Selection/Marketing Plan for the Developer and for approval by DHCD prior to initiating the marketing outreach.

SEB will coordinate all correspondences between the Developer and DHCD and/or the town of Milton related to the approval of the Homebuyers Selection/Marketing Plans.

DHCD typically takes between 1 and 3 months to approve the Homebuyers Selection/Marketing Plans, depending on the amount of work they have in their pipeline and how quickly the development team and/or the municipality respond to requests for information and clarification.

### **Implementation Phase**

This phase of the project occurs immediately following the beginning of the Affirmative Marketing. This phase will proceed concurrently to the marketing phase (which is required to last 60 days) and generally begins approximately twelve to sixteen weeks from initiation. The key activities and tasks include (in sequential order):

#### *Advertising and Community Outreach*

- Prepare and place advertisements and conduct community outreach according to the affirmative fair housing marketing plan established

#### *Disseminate Information to Interested Affordable Home Buyers*

- SEB will prepare and distribute via mail, e-mail and at the informational session, materials and applications related to the buyer selection process, the homebuyer workshop and the development. (The Developer will work with SEB to provide the necessary review/input in order to complete this part of the task.)
- Update SEB website with information about this development including downloadable versions of all relevant documentation
- SEB will respond to inquiries by phone, e-mail & mail, where necessary on marketing materials.
- Provide guidance to applicants as to what this process entails – part of the overall income and program screening process (not tantamount to a financing pre-qualification)

#### *Facilitate Application Collection and Screening Process*

- Collect and review applications to determine if applications are complete. Households with incomplete applications will be given specific checklists of missing documentation to facilitate the completion process by the application deadline. SEB will review completed applications and determine if households are eligible according to affordable housing program guidelines.
- Notify all applicants as to eligibility status
- Respond to telephone inquiries and questions

- Develop application database – including application categorization, classification and number assignment
- Provide lottery information including times, dates and locations

#### *Facilitate Information Sessions*

- Locate and reserve space
- Distribute information packets regarding home buyer selection process. A person from the development team should be present to discuss the development itself
- SEB will invite a lending institution(s) to explain the mortgage application/pre-approval process (The Developer can provide a lender(s) it would like invited as well). Before the Lottery, lending institutions will conduct their own approval process of applicants to determine if the household qualifies and can be approved for a mortgage. This mortgage qualification process is outside of the SEB scope of services but a mortgage pre-approval qualification is required for applicants to be entered into the Lottery.

#### *Conduct Lottery*

- Organize and conduct the lottery, depending on the level of interest, select applicants based on eligibility and order of applications

#### *Submit Applications to DHCD*

- Following Agent review, SEB will notify the selected applicants of their approval and provide them with instructions on obtaining final mortgage commitments.
- SEB will submit all applications to DHCD as part of the final certification process.
- Provide the Developer with all income eligible applications and lottery numbers. If less than all the applicants are approved by DHCD, SEB will select additional names from the applicant pool for review and approval.
- *The next eligible applicant on the wait list will replace any applicant who is selected in the lottery and subsequently determined to be ineligible by SEB or DHCD.*

#### **Rolling Application Phase**

Although highly unlikely for Woodmere at Brush Hill as there are only four affordable units, SEB has included a Rolling Application Phase in the unlikely event that not enough eligible applicants are identified through the application and lottery process. This Phase would occur for the life of the entire development until the final affordable unit(s) is sold. It is possible that DHCD could require an additional lottery after 12 months if not enough applicants were identified for the four affordable units. SEB will advocate on behalf of The Developer so that its best interests are represented (e.g. no additional lotteries).

In the rolling application phase, SEB would expect that the sales offices would be responsible for property tours and showing the affordable units. Applicants interested in purchasing an affordable unit would then need to complete an affordable housing Program Application. SEB will assist the interested applicant throughout the Program Application process to ensure that all required documentation is submitted. SEB will then review the Program Application to determine if the applicant is eligible to purchase an affordable unit. Eligible applicants will then be allowed to enter into a Purchase and Sale Agreement with the development entity. SEB will continue to work with the applicant to ensure that the proper steps are followed up through the closing.

## II. Professional Fees & Expenses

The following table outlines the proposed fee schedule for the services included in this proposal:

Activity	Fee
Upon execution of this contract for initial activities	\$2,500
Upon the date of scheduled lottery (1)	\$4,000
At the time each buyer closes on their affordable unit (2)	3.0% of unit closing cost

(1) This fee will be due upon each lottery should additional lotteries be required by DHCD due to project phasing/affordable market absorption occurring over an extended period of time (multiple years)

(2) SEB's fee will be part of the disbursements at each closing and shown on the HUD settlement statement(s) as such.

Should the Developer sell, assign or otherwise transfer its interest and/or title in this development to another entity for the purposes of completing the 40B development, then this contract shall remain in full force and effect, with payments due under the same thresholds as outlined above.

With regards to the affordable housing lottery, all advertising costs, reproduction expenses, postage including special mailing costs and facility costs will be borne by the development entity. For efficiency purposes, these costs will be paid out-of-pocket by SEB and then passed through to the developer at actual cost. Based on SEB's experience, these out-of-pocket costs are expected to be in the range of \$4,000 to \$7,000 for this project, but the Developer understands that this is an estimate, and SEB will notify the Developer promptly if SEB believes the costs will exceed this estimate. The Developer should be mindful that this affirmative marketing is required by DHCD as part of the affordable housing lottery process and is required as part of the Fair Housing process. Moreover, this money will not be due until about 3 months prior to the first certificate of occupancy. All tasks and costs associated with any and all affirmative marketing required after the lottery will be borne by the Development Team.

SEB will carry \$1M of professional liability insurance for the type of work outlined under this scope of services. Should SEB need to employ an attorney to initiate collection proceedings, institute suit or demand arbitration to enforce any of the provisions hereof, to protect its interest in any matter arising under this agreement, to collect damages for breach of the agreement or to recover any monies owed under this agreement, then SEB party shall be entitled to recover reasonable attorney's fees, costs, charges and expenses expended or incurred therein from the developers or its assigns. SEB shall not be obligated to institute suit or demand arbitration in order to be entitled to recover the fees, costs, charges and expenses as set forth above.

Your signature affixed below shall constitute a contractual agreement between us under the terms specified above.

SEB, LLC

Northland Residential

\_\_\_\_\_  
Brian Engler

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Title: