

# SEB Housing LLC

257 Hillside Ave  
Needham, MA 02494

September 12, 2018

Jack Dawley  
Northland Residential Corporation  
c/o Wolcott Residential, LLC  
80 Beharrell Street, Suite E  
Concord, MA 01742

Jack,

We are pleased to submit this **rough draft** of a proposal between Wolcott Residential LLC, or its assigns, (the “Developer” or the “Sales Office”) and SEB Housing, LLC (“SEB Housing”) for consulting services related to the selection of buyers for the off-site affordable units in Milton, MA as required by your special permit.

The buyer selection processes will be conducted in accordance with the general policy guidelines established by the 40B guidelines, the Local Action Unit (LAU) Application requirements, and DHCD for the marketing and lottery process.

As part of this process, SEB Housing would require the executed Special Permit prior to issuing a final contract for execution.

We look forward to continuing our relationship with you on future opportunities.

Sincerely,

Brian Engler  
SEB Housing, LLC

# I. Scope of Services

## Overview and Affordable Housing Administration

SEB Housing we will be responsible for the outreach, intake and selection process for the applicants for affordable units so that this process conforms to DHCD guidelines. SEB Housing will also prepare the LAU Application(s) so that all the off-site affordable units count on the DHCD affordable housing inventory for the Town of Milton. SEB Housing will rely on the developer to provide some of the existing documents necessary to complete the LAU application. SEB Housing will also review the Regulatory Agreement and will provide guidance and recommendations as it relates to affordable housing considerations.

At this time, it is not known if DHCD would require separate LAU Applications, or separate marketing programs or separate lotteries for each of the affordable homes being offered through the off-site program. So the proposed scope of services, and the four phases detailed below, covers the work that would be required for one off-site unit. SEB Housing will attempt to group as many off-site units into a single LAU Application and Lottery Program, as allowed by DHCD and the Town. Ideally, all six off-site units would be offered through a single lottery program.

The four following phases would be; a *preparatory phase* to be conducted over approximately a two to six week period for each lottery, an *approval phase* to be conducted over a one to three month period for each lottery, an *implementation phase* to be conducted over approximately a twelve to sixteen week period for each lottery, and a *rolling application phase* which will occur for the entire duration of the development following the lottery deadline date (SEB Housing believes this will not likely be required given the demand for affordable units in Milton). Ideally the preparatory phase of this project should start approximately 10 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 Housing 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/LAU guidelines and will be available to include in the Town' 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

- Prepare the Developer for the documentation that will be required for the Local Action Unit Application. Assemble and submit the LAU Application to the Town and DHCD for the required approval and signatures.

### **Approval Phase**

As mentioned, SEB Housing will follow the conditions of the special permit and Regulatory Agreement with respect to obtaining all necessary approvals from the necessary parties, 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 Housing 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 2 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 Housing 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 Housing to provide the necessary review/input in order to complete this part of the task.)
- Update SEB Housing website with information about this development including downloadable versions of all relevant documentation
- SEB Housing 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 affordable housing 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 will not need to include income, asset, tax or local preference documentation with their lottery application but they will need to provide mortgage pre-approval documentation with their lottery application). Households with incomplete applications will be given specific checklists of missing documentation to facilitate the completion process by the application deadline. SEB Housing 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 inquires 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 Housing 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 Housing 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

#### *Full SEB Housing Eligibility Screening of Households with Top Waiting List Positions*

- Subsequent to sending the top lottery applicants to the Monitoring Agent for certification for affordable housing program eligibility, SEB Housing will require that households with top positions on the Waiting List submit to SEB Housing all of the income, asset, tax, local preference (if applicable) and other documentation that DHCD and 40B require to officially certify households as eligible. SEB Housing will only approve households who are Program eligible. The SEB Housing Program Eligibility screening will screen out lottery applicants who are unwilling to provide all necessary documentation and lottery applicants who are over or under the income limits based on the documentation provided. SEB Housing may invite more households to complete this screening than there are units available, to ensure that there are as many households as affordable units that are sent to the Monitoring Agent for certification.
- Impose deadlines and eligibility guidelines during this screening, and notify all invited households of their eligibility status. Households with incomplete applications will be given specific checklists of missing documentation to facilitate the completion process by the SEB Housing screening deadline.

#### *Submit Applications to DHCD*

- Following SEB Housing review, SEB Housing will send files to DHCD for applicant certification. SEB Housing will work directly with DHCD and the applicant to ensure that the review is completed in a timely manner. If for any reason DHCD determines that the applicant is not eligible, SEB Housing will communicate their reasons to the applicant.
- Notify households when they have been certified by DHCD as eligible for the affordable housing program and prepare the certified household and the developer of the next steps that need to be taken to reserve one of the available affordable units.

- Notify the certified applicants of details and instructions on obtaining final mortgage commitments and send reminders to certified applicants who have reserved units about meeting deadline dates (such as mortgage contingency dates and final certification dates).
- Submit all applications to DHCD as part of the final certification process and prompt the developer's team of the final steps needed to coordinate with DHCD the receipt of the final affordable housing related documentation required for closing and recoding.

### **Rolling Application Phase (highly unlikely that this will be necessary)**

SEB Housing 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 18-24 months if not enough applicants were identified for the affordable units. SEB Housing will advocate on behalf of The Developer so that its best interests are represented (e.g. no additional lotteries) and discuss with The Developer various options to present as part of the Buyer Selection Plan that may enable to Developer to avoid numerous lotteries, depending on the phasing of the site work.

Applicants interested in purchasing an affordable unit would then need to complete an affordable housing Program Application. SEB Housing will assist the interested applicant throughout the Program Application process to ensure that all required documentation is submitted. SEB Housing 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 Housing will continue to work with the applicant to ensure that the proper steps are followed up through the closing.

### **Developer Responsibilities**

The Developer will be solely responsible for:

- Identifying the off-site units and obtaining any and all approvals from the Town of Milton for the units to be included in the off-site affordable program
- Working with DHCD and the Town (as required) to create the process and establishing the standards that have to be met for each off-site unit so they can be included and/or offered and/or sold through the off-site affordable program
- Coordinating and overseeing the renovations to the units
- Coordinating any and all unit inspections, including those required by the Town, DHCD, and the buyer's lending institution
- Establishing the condominium documents or HomeOwners Association (HOA) documents, as required, to establish condominium or HOA fees
- Providing marketing materials for each of the off-site units, including pictures/renderings, unit and development descriptions, details on parking, square footage, laundry, pets etc.
- All work related to the drafting, redlining, and execution of any and all Regulatory Agreements as required by DHCD and the Town for the LAU Application (as DHCD may likely require multiple Regulatory Agreements for multiple properties)

In both the Implementation Phase and the Rolling Application Phase, SEB Housing will provide households certified as program eligible by the monitoring agent to the Developer and Sales Team. The Developer (or their assigns) will be responsible for property tours and showing the affordable units. The Developer (or their assigns) will work directly with the buyer in coordinating and executing the unit

reservations (or offers to purchase), the Purchase and Sales Agreements, and extensions or amendments to the Purchase and Sales Agreements and the Closing. The Developer will provide copies of the Purchase and Sales Agreement (and any and all extensions or amendments) when they are executed. The Developer will notify SEB Housing when there is a change to the closing date of any affordable unit with the understanding that SEB Housing needs to be notified at least 6 weeks prior to the scheduled closing date of any changes to the closing date in order to ensure that the buyer has properly completed all the necessary affordable housing related activities (such as the final certification done by the monitoring agent prior to closing) as to not delay the closing.

The Developer will be solely responsible for all marketing during the Rolling Application Phase and the costs associated with all marketing, including any buyer’s agent fees if the developer decides to post the affordable units on MLS. SEB Housing can make recommendations, but the developer should recognize that given the size of the project, additional and continual advertising will likely be needed to generate enough traffic to find buyers for all the affordable units.

## II. Professional Fees & Expenses

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

Activity	Fee
Upon execution of contract for initial activities	\$2,500
Upon DHCD approval of the AFHMP and each LAU Application (as required)	\$7,500
Upon the date of scheduled lottery (2)	\$12,000
At the time each buyer closes on their affordable unit (3)	3.0% of unit closing price

- (1) Should DHCD require separate LAU Applications for any reason for the different off-site units, the Developer will owe SEB Housing the fee shown for DHCD approval of each LAU Application shown above.
- (2) Should an additional lottery(s) be required by DHCD due to project phasing, affordable market identification, and/or renovation schedules occurring over an extended period of time (multiple years); the Developer will owe SEB Housing the lottery fee shown above for each future lottery (meaning that if a second lottery is required, the Developer will owe SEB Housing \$10,000 on the date of that second lottery in addition to the costs of marketing as detailed below).
- (3) SEB Housing’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 each lottery required. For efficiency purposes, these costs will be paid out-of-pocket by SEB Housing and then passed through to the developer at actual cost. Based on SEB Housing’s experience, these out-of-pocket costs are expected to be in the range of \$4,000 to \$6,000 for this project, but the Developer understands that this is an estimate, and SEB Housing will notify the Developer promptly if SEB Housing 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 Housing will carry \$1M of professional liability insurance for the type of work outlined under this scope of services. Assuming that in any related Agreement or Addendum between Developer and SEB, SEB has agreed to provide additional insurance at Developer's request, then, upon SEB's providing to Developer certificates of insurance, Developer shall have seven (7) days to inform SEB whether said insurance meets Developer's requirements. Developer's failure to give notice shall constitute its acceptance of SEB's insurance, and Developer thereafter waives any and all claims relating to such insurance including, but not limited to, the right to withhold payment for services rendered.

Should SEB Housing 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 Housing party shall be entitled to recover reasonable attorney's fees, costs, charges and expenses expended or incurred therein from the Developer or its assigns. SEB Housing 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.

The Scope of Services and Professional Fees and Expenses listed herein are only valid for a fixed amount of time. Should you wish to lock in our services on the terms and rates provided herein, we must *receive*, by mail, e-mail, fax, or other written communication, a signed copy of this proposal from you, absent any modifications or changes which have not previously been agreed upon by the parties in writing, within 60 days of the date listed at the top of the first page of this proposal. After the expiration of 60 days, SEB Housing reserves the right to withdraw, change, or modify this offer for affordable housing related services at its sole discretion.

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

SEB Housing, LLC \_\_\_\_\_ Wolcott Residential LLC

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