

MassWorks:

Helping employees become homeowners



Q. What is MassWorks?

A. MassWorks is a mortgage product developed by the Patrick Administration and the Massachusetts Housing Partnership to help Massachusetts employers recruit and retain employees.

Q. How does MassWorks work?

A. MassWorks encourages employers to invest in their employee's home purchase by matching employer contributions with state funds.

Q. How are these funds used to help the employee buy a home?

A. The funds are used in conjunction with the state's SoftSecond Loan Program. The funds lower a homebuyer's monthly housing payment and can also provide down payment assistance.

Q. Has SoftSecond been successful?

A. Yes. SoftSecond has helped over 10,000 families buy their first home, while experiencing low delinquency and foreclosure rates. It is recognized as the state's most affordable and successful mortgage program. For more information about SoftSecond, go to <http://www.mhp.net/homeownership/>

Q. And how does the employer contribution enhance the SoftSecond loan?

A. MassWorks makes employer dollars go farther by putting the funds into SoftSecond's graduated payment structure. With MassWorks, employer and state match funds will on average have up to twice the impact of equivalent investments in conventional down payment assistance programs.

Q. How exactly does the loan work?

A. SoftSecond combines a first and second discounted fixed-rate mortgage from a bank with a small state subsidy, thereby increasing a homebuyer's purchasing power by about 20 percent. The additional employer contribution on the 10-year, graduated-payment, second mortgage serves to increase a homebuyer's purchasing power even more.



Q. Can you give me a dollars and cents example of how MassWorks works?

A. Yes. Take a Greater Boston family of four whose household income is 100 percent of median income. With MassWorks, this family could afford to purchase a home of up to \$350,000 as opposed to a \$279,000 home with a fixed-rate conventional mortgage, assuming a \$5,000 employer contribution. See the accompanying chart.

Moderate Income Employees

(Households between 80 – 100% AMI)

Employer funds will be applied to households between 80 – 100% AMI as monthly interest subsidy, thereby significantly increasing purchasing power while maintaining an affordable monthly mortgage payment for the borrower. A \$5,000 employer contribution leverages close to \$18,000 more in purchasing power over a standard SoftSecond Loan.

\$82,400 (100% AMI, HH Size 4)	Maximum Purchase Price 33% Housing Ratio	Monthly Housing Payment*
Conventional 30-year Mortgage	\$279,257	\$2,266
Standard SoftSecond Loan	\$326,049	\$2,266
MassWorks (\$2,500 employer contribution)	\$335,701	\$2,266
MassWorks (\$5,000 employer contribution)	\$345,313	\$2,266
MassWorks (\$7,500 employer contribution)	\$350,210	\$2,266

*monthly payment includes estimated principal, interest, taxes and insurance.

Q. What are the other benefits of using SoftSecond?

A. SoftSecond provides a below-market mortgage rate that is fixed for 30 years. It requires no private mortgage insurance. In some cases, it provides qualified homebuyers with a 0 percent interest state subsidy payment that is applied directly to your mortgage payment by your lender, keeping a borrower's monthly housing payment as low as possible.

Q. Will MassWorks be easy for an employer to administer?

A. Yes. Eligible employees simply need to contact one of approximately 40 participating SoftSecond lenders. All program administration will be handled by the Massachusetts Housing Partnership. Employers also have the potential to recover some of their investment.

Q. How do I find out more about how my company can participate in MassWorks?

A. For more information, contact MHP Homeownership Director, Gina Govoni, at 617-330-9944 x293 or ggovoni@mhp.net.

