



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Gregory Bialecki, Secretary, EOHEd

**LOCAL INITIATIVE PROGRAM
REFINANCING YOUR FIRST MORTGAGE OR OBTAINING A SECOND MORTGAGE**

Dear Local Initiative Program (LIP) Homeowner:

The following is a summary on how to refinance your first mortgage or to obtain a second mortgage under the LIP program. ***We wish to emphasize that before you may close on a new first or second mortgage, your town/city and the Department of Housing and Community Development (DHCD) must review your written request to refinance, and issue a written approval.***

To begin the review process, please mail the following information to your town/city and DHCD:

A letter from you, the Homeowner, requesting approval to refinance or obtain a second mortgage.

Your letter should include:

- The amount of the refinance or second mortgage requested
- The reason for the request (i.e., better interest rate, cash out, etc.)
- A phone number where you may be reached during the day
- The name and contact number of the closing attorney
- The full name of the lending institution

The following information is required from your lender

1. **Commitment Letter** or any written documentation of the new loan terms which must include:
 - Interest Rate
 - Loan Type (i.e., Conventional, Fixed)
 - Rate Lock Expiration Date
 - Points
 - Length of Loan (i.e., 15yr, 30yr)
 - APR (Annual Percentage Rate)
2. Complete copy of an **Appraisal Report** for the property, completed by a certified residential appraiser. The home should be appraised as a market rate property and the appraisal report should be **no older than 120 days** past its completion date.
3. **Payoff Statement** showing all current debt on the property

The above documents should be mailed to the following address:

The Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114
Attn: Division of Housing Development – LIP Program

Please contact your town or city hall for information on who will review your refinance or second mortgage request. You may inquire at the Board of Selectmen's office, the Housing Authority or the Planning Department.

NEW FIRST &/OR SECOND MORTGAGE GUIDELINES

Your proposed new first or second mortgage must meet these guidelines:

- Have a fixed interest rate through the full term of the mortgage
- Have a current fair market interest rate no more than 2 percentage points above the current MassHousing Rate. For the current MassHousing Rate, call (617) 854-1000 or visit www.masshousing.com
- Have no more than 2 points
- Have a loan amount no greater than 97% of the Maximum Resale Price* (Applies to first mortgage refinance)
- Have a loan amount of the combined first and second mortgages no greater than 97% of the Maximum Resale Price* (Applies to second mortgages)

*The Maximum Resale Price is derived by using the formula that appears in your LIP deed rider.

For more information, please contact Nicole Alberino of DHCD's Division of Housing Development at 617-573-1313.