



Regional Housing Services

Serving Acton, Bedford, Concord, Lexington, Sudbury and Weston

Flynn Building
278 Old Sudbury Rd
Sudbury, MA 01776
978-639-3388

Beth Rust, Community Housing Coordinator

Housing@sudbury.ma.us

Dear Homeowner:

The following is a summary on how to refinance your first mortgage or to obtain a second mortgage under the restrictions of your LIP property (Local Action Program). A second mortgage would include such items like a line of credit, home equity loan, certain capital improvement loans, or any other financial transaction that results in a lien or mortgage on the property.

Before you may close on a new first or second mortgage, the state (DHCD) and your town must provide written consent to your lender through a parallel process. This requirement is identified in your Deed Rider that you signed and was recorded when you purchased your home. Please let us know if you need assistance with obtaining a copy of this important document.

The LIP program allowed you to purchase a home for an affordable price and it is the intent of the LIP program to pass that benefit on to another eligible purchaser when you decide to sell your home. The requirement to obtain permission to refinance is to ensure that the home remains affordable to future eligible purchasers; it also protects you so that you do not borrow more money than the Maximum Resale Price. Failure to obtain consent constitutes a violation of the terms of the Deed Rider.

We would like to stress that the town's approval letter does not give you a clear to close - you must have the recordable documents from DHCD before you can close.

We have provided a list of contacts below to assist in the process, though it is your responsibility to ensure that the process is followed including obtaining the required consents and that the consents are recorded at closing.

Sincerely,

Contacts:

- RHSO: 978-639-3388, Housing@Sudbury.MA
- Town contact - Acton: Nancy Tavernier, ACHC@acton-ma.gov
- DHCD: Bertha Borin - bertha.borin@state.ma.us , 617-573-1309



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Refinancing Steps

1. **Select your refinancing loan:** The formal review process described below starts once you have selected a lender and refinance loan selected. If you or your lender would like to review and discuss this process ahead of your loan selection, please feel free to contact the RHSO office or DHCD. The RHSO or DHCD can assist in calculating the value of your property or answering any specific questions you have.
2. **Notify Town and DHCD:** Provide a letter from you, the Homeowner, requesting approval to refinance or obtain a second mortgage. The letter (sample letter included in Exhibit A) should be addressed to both DHCD and the local community and should include the following information:
 - The amount of the refinance or second mortgage requested
 - The reason for the request (i.e., better interest rate, cash out, etc.)
 - List the existing mortgages, liens or Home Equity lines that you have, what their outstanding balances are, and which will be paid off with this new loan
 - If your home has a discount rate method, provide an appraisal completed by a certified residential appraiser, appraised as a market rate property and the appraisal report should be no older than 120 days past its completion date.
 - Provide your condominium fee if applicable
 - A phone number and email where you may be reached during the day
 - The name and contact number of the closing attorney
 - The full name of the lending institution

Before issuing their approval, the Town and DHCD will review your Deed Rider to check for unusual provisions, and review the amount of loan compared to the value of your home, and any address any other special situations. The Town review process may take up to two weeks. The Town will provide its approval to DHCD (sample Town approval letter included in Exhibit B).

3. **Obtain Town and DHCD Approvals:** After the initial notification, provide written approval of the new loan by the bank, usually in the form of a Commitment Letter. This documentation must include the following information. If approved, DHCD will provide its consent in a form sent to the closing attorney – with a copy to the Town - which **MUST** be recorded with the new loan. Once all the required information is provided, DHCD may take up to two weeks to issue their consent.
 - **Loan Amount:** Combined first and second mortgage loan amounts can be no greater than 97% of the Maximum Resale Price
 - **Interest Rate:** Must have a fixed interest rate through the full term of the mortgage, and must 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
 - **Loan Type** - i.e., Conventional, Fixed
 - **Rate Lock Expiration Date**
 - **Points** - Cannot have more than 2 points
 - **Length of Loan** - Cannot be greater than 30yr
 - **APR (Annual Percentage Rate)**
 - **Payoff Statement** showing all current debt on the property