



DEMISTIFYING INCOME-RESTRICTED HOMEOWNERSHIP

MAY 22, 2024
LDS CONSULTING GROUP, LLC

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RESOURCES



DEED RESTRICTIONS

- The Deed Rider is the instrument that protects the home's affordability
- Signed by you when your home was purchased
- Makes sure the home stays “affordable” forever- typically does not expire
- Place to find:
 - Affordability level,
 - Resale multiplier or discount rate,
 - Methodology and calculations,
 - Definitions
 - Monitoring agent

ROLE OF MONITORING AGENT

- The Monitoring Agent is assigned when the development is built
- LDS was **either** assigned as your Monitoring Agent **or** works on behalf of the Monitoring Agent listed in the Deed Rider
- First point of contact if you have any questions or concerns regarding your deed restriction

CAN HELP WITH	UNABLE TO INTERFERE ON
<ul style="list-style-type: none">• Refinancing your home• Selling your home• Making capital improvement• Foreclosure assistance	<ul style="list-style-type: none">• Legal advice• Dispute with HOA/ neighbors• Conflicts with developer/ builder



DETERMINING RESALE PRICE

State deed riders (40B or LIP) were standardized in 2006 to use a Resale Price Multiplier methodology

- Sales Price = 100% AMI (for HH of 4) x resale multiplier

Older rider/local riders may use different methods: Discount rate method is most common

- Sales Price is based on the Discount rate x Market appraisal
- Confirm still affordable

LDS Resale Fee: The LDS resale fee is typically 2.5% as stated in the rider, and added on top of the purchase price. So it does not reduce the amount of the seller proceeds



VALUE/MAXIMUM RESALE PRICE (2007+)

- Interplay of three values
- The sum of the 100% AMI for a HH of 4 multiplied by the Resale Price Multiplier, plus the Resale Fee (**Calculated Price**)
- provided that in no event shall the Maximum Resale Price be greater than the purchase price for which a credit-worthy Eligible Purchaser earning seventy percent (70%) of the Area Median Income for an Appropriate Size Household could obtain mortgage financing using the calculator used by EOHLC for its Local Initiative Program (**Continued Affordability = Ceiling**)
- and further provided that the Maximum Resale Price shall not be less than the purchase price paid for the Property by the Owner unless the Owner agrees to accept a lesser price (**Purchase Price = Floor**)

EXAMPLE RESALE PRICE CALCULATION (2007+)

Purchase Price Limit	Newton	
Sales Price	\$241,700	
5% Down payment	\$12,085	
Mortgage	\$229,615	
Interest rate	6.74%	as of FreddieMac 3/14/2024
Amortization	30	
Monthly P&I Payments	\$1,487.75	
Tax Rate	\$9.76	2024 rate
monthly property tax	\$196	from tax bill
Hazard insurance	\$31.8	updated from property information form
PMI	\$149	
Condo/HOA fees*	\$209	updated from property information form
Monthly Housing Cost	\$2,074	
Necessary Income:	\$82,959	
Household Income:		
# of Bedrooms	1	
Sample Household size	2	
80% AMI/"Low-Income" Limit	\$94,800	2 person hh BCQ 2023
Target Housing Cost (80%AMI)	\$2,370	
10% Window	\$82,950	
Target Housing Cost (70%AMI)	\$2,074	

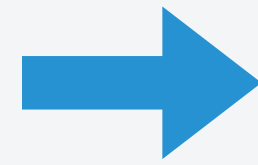
4 person household median income BCQ 2023	\$149,300
Resale multiplier	1.94
Sale Price	\$289,642

EXAMPLE RESALE PRICE CALCULATION (DISCOUNT RATE)

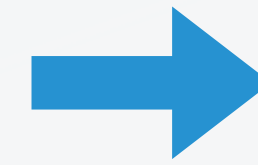
Appraised value	\$500,000
Discount rate	39%
Sale Price	\$195,000

RESALE PROCESS

Reach out to LDS to
calculate the
maximum resale
value of your home

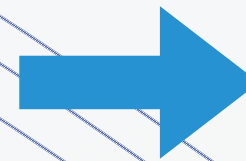


LDS will market the
home typically in a
2 week mini lottery



LDS will hold a
lottery, and rank
asset and income
eligible applicants
by household size

LDS will approve
the buyer



LDS ensures the
deed with rider is
transferred

RESALE FAQs

Q: Do I need a broker to resell my unit?

A: No. LDS is tasked to sell your unit to an Eligible Buyer for the fee listed in your deed rider and added to the sale price. However, you may decide to engage a 3rd party real estate broker if you feel that it would hasten the sale of your unit.

Q: Do I need an attorney to resell my unit?

A: Yes. It is strongly recommended that you hire a real estate attorney to represent you in this transaction. You will be responsible for any costs associated with the real estate attorney. If you need a referral, LDS will provide a list of attorneys for you.

Q: What are the costs associated with selling my unit?

A: In addition to the cost of an attorney, you will be responsible for paying for the 6D certificate, smoke/ carbon monoxide certificate, final water reading and deed stamps. These costs are deducted from proceeds at closing.



RESALE FAQs

Q: What is the timeline for a sale?

A: From when the notice of sale is provided, the sale will take approximately 60 days. The sale must be completed within 90 days of the notice.

Q: I want to downsize, can I purchase another income-restricted home?

A: If you are age 55 and older, you may immediately apply to purchase another income-restricted home. However, you must still meet all the eligibility requirements of the next application including asset limits (any proceeds from the home sale are considered an asset).



RESIDENCY REQUIREMENT

- Your affordable home is for your use and enjoyment **as your primary residence** throughout your homeownership tenure.
- Your household may qualify for a policy waiver. Please contact LDS if you are in a situation where you may require a residency policy waiver (i.e. Health or Safety Concern, Domestic Violence, Military Service)
- Examples of permitted uses under your deed rider:
 - Roommates
 - Starting a business from your home is allowed provided you conform to your local zoning ordinance for a home business, and your Condo Association does not object.

REFINANCING

A refinance must be approved by your monitoring agent

Required Documents	Mortgage Guidelines
Request to refinance in writing, including reason for refinance	Fully-amortizing fixed-rate with no prepayment penalty*
Mortgage commitment letter	Current fair market interest rate
Estimate of current equity in home	Loan amount no greater than 97% of Maximum resale price

***Home Equity Line of Credit (HELOC) not allowed**

A) A letter of approval is \$50

B) A document in recordable form is \$100



UPDATING/REPAIRING YOUR HOME

- Master condominium insurance typically only applies to common areas outside the walls of your home
 - Consider obtaining contents insurance to protect your personal belongings/ assets
- Free to do any work that complies with HOA/condo rules and municipal code
- 1st floor modifications
- Only ***approved*** Capital Improvements can affect your Maximum Resale Price of your home
 - You must submit both estimates and paid invoices for an improvement to be approved
 - In the case of a deed rider with the state, they must make the approval
- Capital Improvement is a necessary improvement, repair or replacement that if not done would compromise the value or marketability

WHEN CAN THE VALUE OF AN IMPROVEMENT BE ADDED TO THE VALUE/RESALE PRICE OF MY HOME?

- In general, only the value of necessary improvements – i.e. roof, boiler, water heater, appliance replacement – will be approved as Capital Improvements.
- If your condo association is requiring a repair/renovation that you are paying for, it will likely qualify as a necessary Capital Improvement.
- Submit invoices/ receipts to monitoring agent and they will approve and provide a depreciation schedule.
- Other types of improvements are allowed – i.e. hard wood flooring, stone countertops, etc. – but will not add value to your home because they are considered upgrades and do not impact your health or safety.
- Hire a professional that is licensed and insured
- If approved, the amount you paid will be depreciated at time of sale
- If someone else pays for the repairs, they will not be credited (i.e. insurance proceeds, condominium association).

CAPITAL IMPROVEMENT FAQs

Q: I would like to finish my basement because my family is growing. Can I do this even though it does not qualify as an approved capital improvement and I understand that it will not be factored into my resale price?

A: You may refinish space in your home as long as you are not increasing the footprint of your home. However, the cost of the improvements will be completely absorbed by you and will not be factored into the resale price or the specifications of the home. In addition, you cannot add any bedrooms to your home, this will put you out of compliance with zoning

Q: Can I get a home improvement loan to cover the cost of major repairs?

A: Refinancing can only occur if the loan meets the requirements of the original financing and benefits the Owner. It must be a fixed rate loan.



ESTATE PLANNING & TRANSFERS

- **Contact an estate planning professional**
- Transferring a home into a trust is not permitted based on state policy
- Transfer to or adding a spouse, partner, or other family living in the home to your deed is permitted; please contact LDS for approval
- Upon death of homeowner
 - The home must be sold by the monitoring agent to another income eligible household selected via lottery
 - The heirs are entitled to the equity from the sale of the home
 - There is an exception for qualified family living in home at time of passing, assuming they meet the income and asset test and can afford to remain in the home

ESTATE PLANNING FAQS

Q: What happens when a unit owner dies?

A: A transfer by will or executor or owner of the administrator's estate to the Owner's spouse is permitted and will not trigger a resale or violate transfer restrictions in the Deed Rider provided that (1) The executor or administrator within 90 days of his/her appointment has given the Monitoring Agent notice of the transfer and (2) the Owner's spouse intends to continue to use the unit as a principal residence. Any other person who is heir, legatee, or devisee of the unit owner must demonstrate to the Monitoring Agent that s/he is an Eligible Purchaser, as defined in the Deed Rider, and the unit must be transferred in accordance with the Deed Rider.

Q: I am unable to live independently anymore, are there any affordable assisted living communities?

A: We suggest reviewing the Mass-ALA website <https://mass-ala.org/> to explore your options. There are a limited number of assisted living facilities in Massachusetts that have affordable units.



MISCELLANEOUS - CONDO

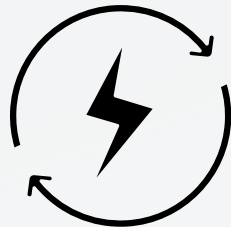
- Read you condominium master deed, trust and bylaws to ensure you understand the rules in your organization
- Attend all condominium meetings and make yourself heard
- Consider becoming a trustee

HOMEOWNER RESOURCES



Property Tax Abatements

Many communities have tax exemptions for seniors, veterans, residents, those who are blind, and others. www.sec.state.ma.us/divisions/cis/tax/property-abatement.htm



Mass Save Energy Assessment & Audits

The Mass Save program can provide great energy savings to Massachusetts homeowners. <https://www.masssave.com/en/residential>



Housing Counseling Agencies

Financial literacy, budgeting and wealth building; HomeSafe Post Purchase Courses; Foreclosure prevention. <https://www.mymasshome.org/take-first-time-homebuyer-course>



Home Improvement Loans

- MassHousing Home Improvement Loan (HILP): <https://masshousing.com/en/home-ownership/homeowners>
- Energy Saver Home Loan Program (ESHLP): <https://www.masshousing.com/mass-community-climate-bank/energy-saver-home-loan>
- Habitat for Humanity's Exterior Home Preservation: <https://www.habitat.org/volunteer/near-you/home-preservation>
- CEDAC Home Modification Loan Program: <https://cedac.org/hmlp/>



QUESTIONS? THANK YOU!

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